Face to Face Business

NEWSLETTER 3/2021

12 countries. 12 tax systems.

The year 2021 brings changes in the areas of taxes, duties and social contributions in all CEE and SEE countries. This special newsletter covers essential changes effective as of 2021.

TPA offers an overview of the most important tax innovations in the following CEE and SEE countries in which we operate:

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1. Albania

E-invoicing and tax filing
Albania Government passed a law that will implement a new online billing system to prevent businesses from circumventing tax payments and to boost revenue in the country. The Albanian authorities hope to increase VAT revenues by 15 % with this new e-invoice initiative. Recently, Italy stated that it had closed its VAT gap by over 10 % with its new SdI e-invoice initiative this year.

Taxpayers registered as businesses will be required to submit B2G, B2B and B2C invoices in real-time from 1 January 2021 as follows.

Effective date	Type of transaction
1 January 2021	■ Cashless transactions between taxpayers and public government bodies;
1 July 2021	■ Cashless transactions between taxpayers;
1 September 2021	■ Cash transactions by taxpayers subject to VAT and corporate income tax with an annual turnover exceeding ALL 8 million;
1 September 2021	■ Cash transactions by taxpayers subject to VAT and simplified income tax with an annual turnover between ALL 2 million and ALL 8 million; ■ Cash transactions by taxpayers with an annual turnover not exceeding ALL 2 million;

All invoices must be live reported to the tax authorities. All filings and supporting records must also be processed electronically.

Amendments on the Law "On income tax"
The main objective of the changes in this law is extending the base of income taxable in Albania and relieving the tax burden for certain categories and promoting production.

- Corporate income tax
  Starting from 01.01.2021, Income Tax for businesses with an annual turnover of ALL 14 million will be reduced to 0 % in an attempt to promote SME's. Previous to this amendment, Income tax for businesses with an annual turnover between ALL 5 million and ALL 14 million was 5 %.

Amendments on the Law "On VAT"
Starting from 01.01.2021, the minimum limit for VAT registration will be the annual turnover of ALL 10 million (until 31.12.2020, the minimum limit will continue to be the annual turnover of ALL 2 million).

Taxpayers with annual turnover of less than ALL 10 million will have the right to choose to register for VAT (or continue to be registered for VAT) only if their annual turnover will exceed ALL 5 million.

The above will also apply to persons providing services through the exercise of freelance professions, for which the VAT registration limit is currently zero.

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2. Austria

COVID-19 measures
Various measures were introduced to help Austrian companies deal with the coronavirus crisis.
These measures include:
- VAT reductions (see below)
- Tax deferments, subsidies/grants (e.g. grant for fixed costs, compensation for lost turnover)
- Loss carryback: Possibility to carry back losses that cannot be offset in 2020 to the 2019 tax year (max. EUR 5 million) or, under certain conditions, to the 2018 tax year (max. EUR 2 million).

Degressive depreciation as well as accelerated depreciation for buildings:
- Tax depreciation of certain economic assets (excluding buildings, cars, etc.) acquired or constructed after 30 June 2020 using the declining balance method instead of the straight-line method is possible (independent of the chosen accounting depreciation method)
- Accelerated depreciation is possible for buildings acquired or constructed after 30 June 2020. The rate of depreciation is max. three times the amount in the 1st year, max. two times the amount in the 2nd year, followed by the normal rate of depreciation in subsequent years; no half-year depreciation rule.

Collective allowance for doubtful accounts and collective provisions
For financial years beginning after 31 December 2020, collective allowances for doubtful accounts and collective provisions for uncertain liabilities (recognised for tax purposes) are also accepted for tax purposes under certain conditions.

Changes to the flat rate applicable to small businesses
As of 1 January 2021, the flat rate applicable to small businesses was brought in line with the small business regulation for VAT with regard to the scope of application (turnover limit: EUR 35,000 net).

EU interest limitation rule in force since 1 January 2021
The interest limitation rule was transposed into national law as of 1 January 2021. Surplus interest payments are now generally only tax deductible up to 30 % of EBITDA. An allowance of EUR 3 million per tax year and further exceptions for a full deduction applies.

What is new in value-added tax
- **Tax reductions in connection with COVID-19 measures**
  - 5 % VAT (at present limited until 31 December 2021) for restaurant sales, hotel services, print media and e-publications (except newspapers), works of art and turnover from activities as an artist as well as admission tickets (e.g. theatres, museums, zoos)
  - 10 % VAT from 1 January 2021 onwards also for certain repair services and feminine hygiene articles
  - Temporary tax exemptions for items such as protective masks and COVID-19 in vitro diagnostic medical devices and COVID-19 vaccines

- **E-commerce package of measures**
  Registration in the country of destination will no longer be required from 1 July 2021 for the following services because turnover can be declared collectively via the One-Stop-Shop (OSS) in a Member State of the EU:
  - B2C services
  - Mail order: Delivery threshold removed (exceptions for microentrepreneurs)
  - Imports: Tax exemption for importing goods < EUR 22 removed; import One-Stop-Shop (IOSS) applicable for goods imported by mail order < EUR 150
  - Platforms: Certain platforms are treated as if they had supplied the goods themselves; platform may become liable to pay tax

- As of 15 January 2021, entrepreneurs from third countries will no longer be entitled to input tax refunds for fuels.

Other changes
- The rates for the **standard fuel consumption tax** (NoVA) will be increased and the obligation to pay NoVA extended to small trucks and pick-ups from 1 July 2021.

- The new **law on working from home** creates new opportunities for employees to claim income-related expenses.

3. Bulgaria

New VAT rules on distance sales of goods
On the grounds of Council Directives (EU) 2017/2455 and 2019/1995, the Bulgarian parliament amended the VAT Act with several new rules on the distance sales of goods, as well as on the telecommunication services, radio and TV broadcasting and other electronically supplied services.

A main change with regard to the distance sales of goods is the implementation of a threshold of EUR 10000 for the determination of the place of supply of the goods of EU established operators. Once this threshold is exceeded the distance sale will be deemed to take place at the member state where the transport ends. In order to avoid multiple VAT registration and facilitate the VAT compliance a one-stop-shop option for VAT registration of such operators is also provided by the amended Act. The amendments come to force as of 01.07.2021.

New tax reporting deadlines
The Bulgarian Parliament adopted changes of the reporting deadlines for Corporate Income Tax. Originally these changes has been intended to be temporary, due to the COVID19 crisis, although now the new reporting deadlines have been amended as permanent.

- The annual Corporate Tax Return shall be now filed within the period 1 March to 30 June, instead of not later than the 31 March.
- The deadline for payment of the corporate tax due for the precedent year has been extended from 31 March to 30 June of the following year.
- The deadline for payment of the tax on expenses (e.g. tax on private use of corporate assets, entertainment, etc.) has been also extended to 30 June.
- The deadlines for filing of yearly financial statements of all traders under the meaning of the Commerce Act, non-profit legal entities, as well as any other enterprises, have been extended permanently from 30 June to 30 September of the following year. This amendment concerns the Accountancy Act.
- The deadline for presentation of the Local Transfer Pricing files has been extended from 31 March to 30 June.
- With regard to personal income tax of only the individuals performing economic activity as traders under the meaning of the Commerce Act including the sole traders, the deadline for filing of the yearly income tax returns and financial statements has been defined as between the 1 March and 30 June. The due tax shall be paid by 30 June.

For other sources of income of individuals the deadline for filing of the tax return remains not later than 30 April.

New minimum salary
As of 01.01.2021 the statutory limit of the minimum monthly salary shall be BGN 650 (EUR 332).

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4. Croatia

Please find bellow a summary of the tax amendments in our country regarding:

Personal Income Tax Act

- The personal income tax rate of 36% would be reduced to **30%**, and the rate of 24% to **20%**.
- Reduction of the rate from 12% to **10%** applicable to the taxation of annual and final income (e.g. profit distributions) and lump-sum taxation of activities (e.g. rental of apartments or flats).
- It is proposed to abolish taxation at annual rate of 24% of taxpayers who have received additional income on the basis of other income up to the amount of five times the amount of the personal allowance base (HRK 150.000).
- Stricter tax treatment is provided for cases when the disparity between income and assets is determined. The percentage of increase of the personal income tax rises from 50% to 100% when determining income tax based on the difference between the value of the income and the amount of assets with which it was acquired. This would mean that, after lowering the maximum tax rate, the tax on income earned in this way would be calculated at a rate of 30% instead of 36%, and the tax thus calculated would be increased by 100% (the total tax rate would be 60%).

Corporate Profit Tax Act

- Reduction of the corporate profit tax rate for entrepreneurs with income up to HRK 7.5 million from 12% to **10%**.
- Reduction of the rate of withholding tax on payment of dividends and profit shares to foreign non-natural persons from 12% to **10%**.
- Reduction of the withholding tax rate for performances by foreign performers (artists, entertainers, athletes, etc.) from 15% to **10%** when the fee is paid by a domestic or a foreign payer under a contract with a foreign person who is not a natural person and in that case there is no obligation to calculate the personal income tax and social security contributions for the performer.
- A more favourable tax treatment for banks in case of loan write-offs or reprogramming of loans, i.e. to recognize as tax-deductible expense for credit institution the amount of write-off of receivables from unrelated natural or legal persons on the basis of approved credit placements with values in accordance with the special regulations of the Croatian National Bank.

Value Added Tax Act

- Increase of the threshold for the application of the VAT cash accounting scheme from the current 7.5 to **15 million HRK**.
- Removal of the VAT exemption for distance selling of goods to non-taxable persons (natural persons) where goods are imported from third countries in parcels of small value up to 22 EUR.
- Regulating the Distance selling of goods in such a way that after exceeding the threshold of HRK 77,000, the sale is taxed in the Member State in which the recipient of the goods who is not a taxable person has residence. Therefore, foreign taxable person will pay the Croatian VAT when the total value of distance selling of goods and telecommunications services, radio and television broadcasting services and electronically performed services exceeds the threshold of 10,000 euros and vice versa, Croatian taxable persons will pay VAT in another Member State when the value of these supplies exceeds the threshold of HRK 77,000.

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5. Czech Republic

SUMMARY OF THE TAX AMENDMENTS IN THE CZECH REPUBLIC

- **Real Estate Acquisition Tax Abolished**
  Real estate acquisition tax (formerly 4 %) was abolished retroactively for the cases where the real estate was acquired on or after 1 December 2019 (the date of entry into the Cadastre being decisive).
  For individuals, this is compensated by stricter criteria for real estate sale exemption and by a lower limit for the use of the mortgage interest as an item deductible from the personal tax base. However, for legal entities, no such a countermeasure was introduced.

- **Increase of Tax Allowance per Taxpayer**
  The tax allowance per taxpayer increased from CZK 24,840 (EUR 944) to CZK 27,840 (EUR 1,058) p.a. since January 2021.

- **Super-gross Wage and Solidarity Tax Abolished**
  The super-gross wage and the solidarity tax are abolished and a progressive taxation is introduced at the tax rates of 15 % and 23 %. The increased tax rate is applicable for the amount exceeding the threshold of 48 times the average wage; CZK 1,701,168 (EUR 64,646) p.a. for the year 2021.

- **Tax Loss Carry Back**
  An amendment to the Income Tax Act effective from July 2020 introduces an option to carry back the tax losses up to two years preceding the tax period for which the tax loss has been assessed.
  The maximum amount that may be carried back from one taxable period is limited to MCZK 30 (approx. MEUR 1,2) for both previous periods. The possibility to carry the tax loss forward remains at five subsequent tax periods.

- **Changes in Asset´s Tax Depreciation**
  The amendment to the Income Tax Act introduces special tax depreciation period for assets categorized in the 1st class (1 year instead of 3 years) and 2nd class (2 years instead of 5 years) purchased from 1st January 2020 to 31st December 2021. The amendment also increases the threshold for classification of individual tangible assets in the category of tangible assets from CZK 40K to CZK 80K and abolishes tax regulation of depreciation of intangible assets purchased after the amendment has come into effect; tax depreciation of intangible assets will newly correspond to the accounting depreciation.

- **Value Added Tax Amendments**
  As of May 2020 among others the supply of tap water, catering services e-books and as of July 2020 accommodation services are newly subject to 10 % super reduced VAT rate.

  Since September 2020, so called “quick fixes” rules are implemented; Harmonized rules on call-off stock arrangements, new substantive conditions with respect to intra-Community supplies of goods (stating VAT ID of the customer, submission of VIES declaration), harmonized rules regarding chain transactions and determining of place of the supply, list of recommended criteria for the documentary evidence required to claim an exemption for intra-Community supplies were implemented. Also, as of September 2020, the exemption applicable on effected export of goods is linked to the fact whether the goods physically left EU, not the export customs regime applied.

6. Hungary

- **Corporate income tax: Permanent establishments**
  As of 1 January 2021, a permanent establishment is constituted, if, in the absence of a physical place, the Hungarian presence of a foreign person materializes in the provision of service of an employee or any other private individual, provided that the duration of the activity exceeds 183 days in one calendar year. Therefore, special attention must be paid to the activities of intermediaries and agents, as well as to employees working in home office in Hungary, because their activity exceeding 183 days in one calendar year creates a Hungarian permanent establishment, i.e. a Hungarian tax liability arises. These rules shall be construed in accordance with the double tax treaties.

  In addition to the above, it is an important new rule that a foreign person must always be considered to have a permanent establishment in Hungary, if there is a double tax treaty or international agreement concluded between the state of residence and Hungary, and according to which the activity constitutes a permanent establishment. This means that the DTT or international agreement is superior to the Hungarian CIT Act, i.e. a permanent establishment may arise on grounds of the DTT or agreement, even if it would not arise under the Hungarian corporate income tax law.

- **VAT: Reduced VAT rate of residential properties**
  In the case of newly built residential properties the VAT rate is 5% again. A real estate qualifies to be newly constructed, if it has not been entered into use, or if the period between entering into use and sale is less than 2 years. The reduced VAT rate shall be applied on transactions conducted between 1st January 2021 and 31st December 2022. Sales in the period 1st January 2023 and 31st December 2026 are also subject to the 5% VAT rate, if the building permit becomes final on 31st December 2022 at latest.

- **VAT: Online invoice data supply**
  From 1st January 2021 (with a 3-month long grace period) the online invoice data supply system will definitively be extended, data shall be supplied about all invoices issued according to the Hungarian VAT law. In comparison to the regulations effective from 1st July 2020, the data supply obligation is extended to invoices issued to private individuals, invoices about tax free export, intra-Community product sale and about tax free service provision to foreign client.

- **Local business tax: Temporary activity**
  As a relief, from 1st January 2021, local business tax on temporary activities shall not be paid after construction activity that spans less than 180 days.

- **Local business tax: Correction of the arm's length price**
  Similarly to corporate income tax, in the calculation of local business tax base, correction due to arm's length price shall be applied in the case of related undertakings. However, in line with the CIT law, the decreasing of the tax base is possible only in case the other party declares that it increases its tax base with the amount in question.

7. Montenegro

TAX SUMMARY 2020

Corporate Income Tax (CIT)

- Profit-making companies and branches are obliged to pay CIT in Montenegro. CIT rate is set at 9% flat rate;
- The submission of the transfer pricing documentation is not mandatory in Montenegro, but taxpayers are obliged to test transfer prices and make adjustment of the CIT base if necessary.
- Tax losses may be carried forward for limited period of 5 years.
- Statutory withholding tax rate is 9%. Subject to WHT are dividends, interests, royalties, rental income, capital gain, consulting services, market research services and audit services.

Personal Income Tax (PIT) and Social Security Contributions (SSC)

- Montenegrin residents are due to pay tax on worldwide income, while non-residents are due to pay tax only on Montenegrin sourced income.
- Progressive income tax rates of 9% and 11% are prescribed.
- Additional income (other than employment income) should be reported in the annual tax return and is subject to 9% tax rate.
- The employment income is subject to super tax whereas tax base is tax calculated on employment income, while tax rate is determined by the local self-government.
- Statutory withholding tax rate is 9%.
- Mandatory SSC are: pension and disability insurance (20.5%), health insurance (10.8%) and unemployment insurance (1%).

The Property Tax and Transfer Tax

- Subject to property tax are ownership right over immovable property (buildings and land) of companies and individuals and right of use of immovable property owned by the State. The tax rate ranges from 0,25% to 1%.
- Subject to 3% of property transfer tax is acquisition of property rights on immovable property in Montenegro which includes purchase, exchange, inheritance, gift, entry and withdrawal of real estate from a commercial company etc.

Value Added Tax (VAT)

- Standard VAT rate is set at 21%, while reduced rate is set at 7%.
- Place of supply of goods is principally the place where the item is located at the time disposal is transferred.
- Place of supply of services is the place where the recipient has its head office or a permanent establishment, if the service recipient is registered for VAT (B2B rule). If, however, service is provided to non-VAT payer, the place of supply of such services is the place where the service provider belongs. There are special rules for place of supply for certain services such as: services related to real estate, transport services, telecommunication services, etc.

8. Poland

The beginning of 2021 has seen changes mainly in the CIT area. Please see below for the overview of the most important changes.

Income Taxes (CIT and PIT)
As from 1 January 2021 limited partnerships having their registered office or place of management in the territory of Poland and general partnerships having their registered office or place of management in the territory of Poland, in which general partners are not only natural persons have become CIT taxpayers. This does not apply to general partnerships if they submit to the tax office, within a statutory deadline, a relevant information on PIT taxpayers who are entitled, directly or via entities non-taxable for income tax purposes, to a share in the partnership's profits or if they update such information should the need arise. Moreover, limited partnerships may decided to postpone becoming CIT taxpayers to 1 May 2021.

Taxpayers whose revenue exceeded EUR 50 million in the given tax year and tax capital groups are obliged to prepare and publish a report on the tax strategy executed in the given tax year. The report must take into account the nature, type and size of the taxpayer's business activity and include detailed information. The report should be presented by taxpayers within 12 months from the end of the tax year.

Additional, a so-called "Estonian CIT" has been introduced at the beginning of 2021. The "Estonian CIT's" rate amounts to 0% for companies that will allocate profits for the development of their activities and meet additional criteria. Otherwise the rates of the "Estonian CIT" amounts to 25%/15% (for small taxpayers) of a specially-calculated tax base, with the possibility of its lowering.

A definition of a real estate company has been introduced into the Polish tax law. It is a company in which as at the last day of the previous fiscal year at least 50% of assets constituted, directly or indirectly, the value of real estate located in Poland, and the value exceeded PLN 10.000.000. According to the new mechanism, a real estate company is a remitter of the tax on the sale of shares in this company.

In the new regulations, the limit of revenues entitling a taxpayer to apply the reduced 9% CIT rate has been increased from EUR 1.2 million to EUR 2 million.

The extension of the group of taxpayers entitled to the flat-rate income tax has been achieved through an increase in the revenue limit from the current EUR 250 000 to EUR 2 million. Last but not leas, the definition of freelance professions that can use flat-rate has also been changed.

VAT
As of January 1, 2021 Poland has adopted a number of changes with the aim to simplify the VAT compliance for Polish taxpayers,– a so-called SLIM VAT package.

The deadline for deducting input VAT on an ongoing basis has been extend up to a total of 4 periods in case of monthly settlement periods and in the case of quarterly taxpayers up to 3 settlement periods. Additionally, the possibility of deducting input tax resulting from invoices documenting the purchase of accommodation services for resale has been introduced.

As far as exports of goods are concerned, the deadline for the actual export to take place has been extended from 2 to 6 months in order to apply the 0% rate on the advance payment in the export of goods.

The SLIM VAT package also means that taxpayers are able to select the same rules of currency conversion for VAT purposes as for the income tax revenue calculation. Additionally the supplier is no longer obliged to receive the confirmation of acceptance of the correction invoice from the customer in order to decrease the tax base and output VAT.

9. Romania

AMENDMENTS TO THE TAX LEGISLATION

We present below the main amendments to the tax legislation that would apply in 2021:

- Expenses generated by transactions performed with persons resident in a state included on the List of Non-cooperative Jurisdictions are non-deductible
- Corporate tax payers may apply the system of profit tax consolidation
- Dividends received by a microenterprise tax payer from Romanian legal persons are non-taxable
- DAC 6 compliance obligations are in place
- The withholding tax rate on certain types of income (e.g. interest payments, royalties, etc.) obtained by individuals resident in the EU / states with which Romania has concluded a double taxation agreement is 10 %
- The revaluation of the buildings owned by legal entities for local tax purposes is to be carried out at 5-year intervals

10. Serbia

MOST SIGNIFICANT TAX CHANGES IN 2021

Corporate Income Tax Law (CIT) amendments applicable as of 1 January 2021
- The latest amendments envisage that the capital gain is realized through the sale (or other transfer for a fee) of the investment unit of the investment fund.
- It is envisaged that the capital gain is also realized through the sale of digital property, provided that the taxpayer has a license to provide services related to digital property and if he acquired this property solely for resale within the provision of services related to digital assets.

Personal Income Tax Law (PIT) amendments applicable as of 1 January 2021
- It is specified that a qualified employer is any employer resident of the Republic, who establishes an employment relationship with a newly settled taxpayer who had a residence or centre of business and life interests in the territory of the Republic for at least three years from the 1990.
- The right to use the tax relief for the employment of new persons has been extended, as well as the right to exemption from paying taxes from the salaries of the founders who are employed in the newly established company as of 31 December 2021.

Law on Tax Procedure and Tax Administration amendments applicable in 2021
- A provision is introduced which characterizes open or alternative investment funds as taxpayers, who have rights and obligations in the fiscal procedure, whereby it is defined that the fund management company, as a legal entity is responsible for tax, property, and legal liabilities.
- From January 1, 2021, a request for refund of overpaid or incorrectly paid tax (i.e. secondary taxes), as well as for tax refund, i.e. for the settlement of due liabilities based on other legal grounds by means of tax rebooking, will be submitted in electronic form through the Tax Administration portal, or in writing – directly or by regular post services.

Value Added Tax Law (VAT) amendments applicable as of 1 January 2021
- It is specified that VAT should not be paid on a transfer of virtual currencies and exchange of virtual currencies for cash.

- The recipient of goods and services in the field of construction is VAT payer as tax debtor in case that turnover performed by VAT payer exceeds RSD 500,000 without VAT.

Property Law amendments applicable as of 1 January 2021
- Open and alternative investment fonds becomes property taxpayers irrelevant to their obligation weather to keep business records or not.
- Digital property which is received as a gift or inherited is also subject to tax on inheritance and gifts.

11. Slovakia

Income Tax modifications
The most important approved changes effective as of 1 January 2021 are as follows:
- the income tax rate of 15 % will be applicable for the "micro-taxpayers" – taxpayers with taxable income (revenues) not exceeding the amount of EUR 49,790;
- cancellation of obligation to settle the corporate income tax advances, which are paid from the beginning of the tax period to the deadline for filing the tax return in a lower amount than that based on the tax return filed for current taxation period;
- higher tax bonus for children from 6 to 15 years;
- more precise definition (extension) of the taxpayer of the non-cooperating state, to which higher income tax rate is applied.

VAT modifications
Changes brought by the amendment to the VAT Act effective as of 1 January 2021 include:
- extension of the existing voluntary special arrangement MOSS to a single point of contact, the One Stop Shop (OSS), for digital services supplied by taxable persons, which are established in the EU territory but not established in the Member State of consumption, to other services provided by this taxable person, as well as to the distance selling of goods within the EU, and certain domestic supplies of goods;
- new voluntary special arrangement (the Import One Stop Shop – IOSS) for the sale of goods at a distance, which are imported from a third country if their own value does not exceed EUR 150 and these goods are not subject to excise duty; taxable persons may fulfil their obligations to file a tax return and pay tax in only one Member State of identification;
- introduction of the possibility to correct the tax base if the supplier did not receive payment and its receivable became uncollectible and, at the same time, introduction of the obligation to correct the tax base for the customer who did not pay for the supply and claimed input VAT.

With effect from 1 July 2021 the tax exemption on import of small consignments (not exceeding EUR 22) will be abolished.

Tax Administration Code modification
Tax Administration Code amendment introduces reduction in the annual interest rate on deferred tax and tax paid in instalments, from 10 % to 3 %, in order to give tax entities an incentive to use this institute at the time of coping with a temporarily difficult financial situation.

Abolition of the special bank levy
The obligation of selected financial institutions to pay a special levy, which they were obliged to pay from 1 January 2012 in the amount of 0.2 % and, from 1 January 2020, in the amount of 0.4 % of the value of banks' liabilities reported in the balance sheet, will be abolished with effect from 1 January 2021.

DAC 6 obligations
Given the current situation regarding the spread of the dangerous contagious human disease COVID-19, amendment to Act No. 442/2012 Coll., which moves the original deadline for the notification of cross-border transactions carried out between 25 June 2018 and 30 June 2020 from 31 August 2020 to 28 February 2021, was approved and published in the Collection of Laws of the Slovak Republic.

At the same time, a new deadline for the notification of measures resulting from cross-border transactions carried out between 1 July 2020 and 31 December 2020 is set for the period from 1 January 2021 to 31 January 2021.

12. Slovenia

The beginning of 2020 saw a number of tax law amendments in the field of personal income tax and corporate income tax.

The legal changes adopted per 1 January 2021 had a virus-related background, affecting tax law only in a few peripheral areas. The COVID regulations in conjunction with **facilities for payment** originally scheduled to expire on 31 December 2020 were extended until 31 March 2021 based on powers to issue ordinances provided for under the law.

Based on applicable COVID legislation, applications for deferred payment and payment by instalments may now be filed for up to 24 months. Applications for payment facilities may refer to tax and social security contributions and also to tax prepayments and withholding tax liabilities. No interest for deferred payment and payment by instalments will be charged before the expiry of 24 months.

Partially **reduced working hours** were only introduced in Slovenia in conjunction with the COVID legislation adopted. Partially reduced working hours means that employees' working hours could be reduced to between 5 and 20 hours per week. With the most recent act on COVID measures, this special provision was extended until 30 June 2021.

The law stipulates that the entitlement to annual leave not taken will expire on 30 June of the following year. In the event that annual leave from 2020 cannot be taken due to the COVID crisis, pursuant to the act on COVID measures the leave entitlement will not expire before 31 December 2021.

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