THE OECD TAX-BENEFIT DATABASE

Description of policy rules for Slovenia 2023

OECD

BETTER POLICIES FOR BETTER LIVES

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Description of policy rules for 2023

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OECD BETTER POLICIES FOR BETTER LIVES

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Directorate for Employment, Labour and Social Affairs

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Preface

This report provides a detailed description of the tax and benefit rules in Slovenia as they apply to working-age individuals and their dependent children. It also includes output from the OECD Tax-Benefit model (**TaxBEN**), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families ("vignettes"), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click here for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)

TaxBEN web calculator

Methodology and user guide

OECD tax-benefit data portal

Network of national experts

Guidelines for updating this report (for national experts)

General guidelines

Detailed **guidelines for updating Section 5** "Net costs for Early Childhood Education and Care"

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- The symbol *(i)* in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format `[variable name]`
- Text in blue colour font identifies COVID-related measures that are still in place on the reference policy date of this report

The OECD tax-benefit model for Slovenia: Policy rules in 2023

1. Reference wages

Average wage **[AW]**: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available here).[1] If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth[2] to the latest available wage estimate.

The minimum wage **[MIN]** in 2023 (in force since 1 January 2023) is EUR 1203,36 (gross) per month. The (gross) annual minimum wage is computed by multiplying the minimum monthly wage by 12, i.e. EUR 1203,36 * 12 = EUR 14.440,32.

2. Unemployment benefits

2.1. *Unemployment insurance (Zavarovanje za primer brezposelnosti)*

Variable names: `[UI_p; UI_s]`

This is an unemployment insurance benefit. It is contributory, not means-tested and is taxable.

2.1.1. *Eligibility conditions*

Age: No age conditions.

Contribution/employment history: Unemployment insurance rights may be obtained by an unemployed person who was insured for at least 10 months in the previous 24 months before the unemployment occurred. Those aged under 30 with an insurance period ranging from 6 to 10 months in the previous 24 months are also eligible. Unemployed persons fulfilling conditions for old age retirement (60 years of age, 40 years of effective contribution period) or occupational pensions are not eligible to unemployment benefits.

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Behavioural requirements and related eligibility conditions: TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits.[3] The conditions for receipt of unemployment benefits are that the claimant:

- is unemployed involuntarily (i.e. through no will or fault of their own),
- is registered at the Employment Service of Slovenia,
- applied for benefits within 30 days of the termination of employment,

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[1] Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.

[2] Wage growth projections are based on OECD Economic Outlook and EU economic forecasts (for non-OECD countries).

[3] Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see www.oecd.org/social/strictness-benefit-eligibility.htm.

- is capable of work and actively seeking employment
- is prepared to accept any appropriate or suitable employment offered by the Employment Service or another provider of employment brokerage services.

Benefits can be terminated if the claimant ceases to be registered with the public employment service, refuses to enter an active employment policy programme or breaches an obligation arising from the contract on entering an active employment policy programme, refuses to accept appropriate or suitable employment, does not make efforts during a job interview, does not provide information requested, engages in occasional or regular illegal employment, or refuses to sign an employment plan. Since January 2018, there has been a gradual sanctioning of violations of obligations regarding active job search. Recipients of unemployment benefit are sanctioned by the reduction of unemployment benefit for 30% of the last paid amount for the first violation of the obligation, and the benefit ceases to be paid after a second violation.

Gradual sanctioning was abandoned since changes of the Labour market Regulation Act (ZUTD-E) and kept for inactivity of jobseeker only, for other violations benefit is terminated after first violation.

2.1.2. Benefit amount

Calculation base: The cash benefit assessment basis is the average monthly salary during the eight months prior to the month unemployment begins. For those under 30, the assessment basis is the average monthly salary during the five months prior to the month unemployment begins.

Benefit amount: Unemployment benefit rates are as follows:

- For the first three months (the third month is included): 80% of the reference basis;
- For the following nine months (i.e. from the 4th to 12th month, included): 60% of the reference basis.
- After 12 months: 50% of the reference basis.

The benefit amount is subject to minimum and maximum amounts. The maximum monthly benefit amount is EUR 892.50 (before tax).[4] The minimum benefit amount is EUR 530.19 per month. However, this minimum amount does not apply if the claimant was previously working part time with an average of no more than 15 hours per week. In this case, there is no statutory minimum amount.

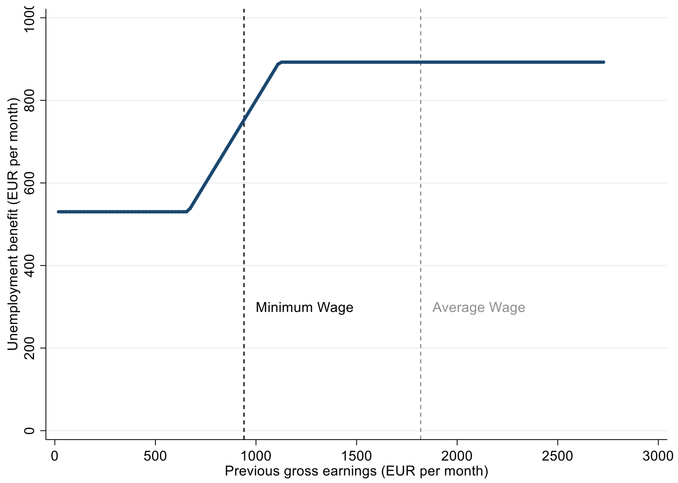
TaxBEN note: the calculations for jobseekers assume that the claimant was working full time before becoming unemployed.

Frequency/periodicity of benefit payments: monthly.

[4] As of May 2021, there is a maximum unemployment benefit amount for frontier workers who, during their last employment, have been employed in another EU/EGP Country or in Swiss Confederation at least for 10 months in previous 24 months. For the first three months, these workers are entitled to 1.785 EUR maximum unemployment benefit per month. In the case that these workers fulfilled at least 12 months in previous 24 months and are entitled for unemployment benefit for at least 6 months, they receive this amount during the first 5 months.

Figure 1. Unemployment benefit amount by previous earnings

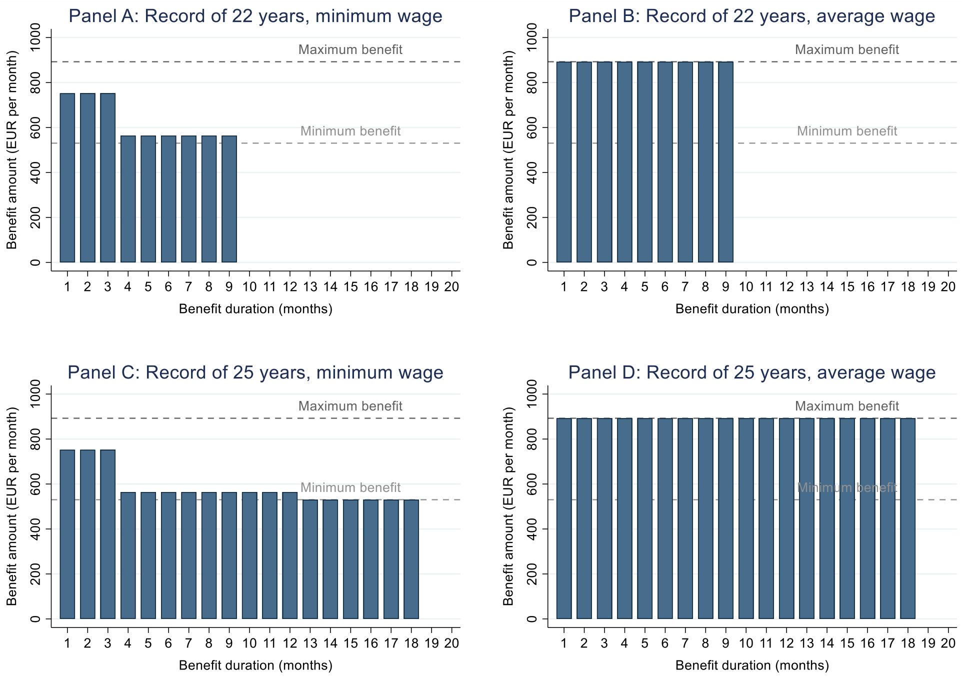
40-year-old single person without children



Note: Unemployment benefit amount does not depend on family structure. Calculations assume a long and continuous employment record of 22 years. The figure shows amounts in the 2nd month of benefit receipt.
Source: OECD Tax-Benefit Model.

Figure 2. Unemployment benefit amount by employment record and previous wage

Single person without children



Note: The figure shows amounts and duration of unemployment benefit received by a person with different employment record and previous earnings. Four cases are selected to show different outcomes:

- Panel A shows a 40-year-old person with 22 years of employment record and previous wage equal to the minimum wage.
- Panel B shows a 40-year-old person with 22 years of employment record and previous wage equal to the average wage.
- Panel C shows a 55-year-old person with more than 25 years of employment record and previous wage equal to the minimum wage.
- Panel D shows a 55-year-old person with more than 25 years of employment record and previous wage equal to the average wage.

Source: OECD Tax-Benefit Model.

2.1.3. Benefit duration

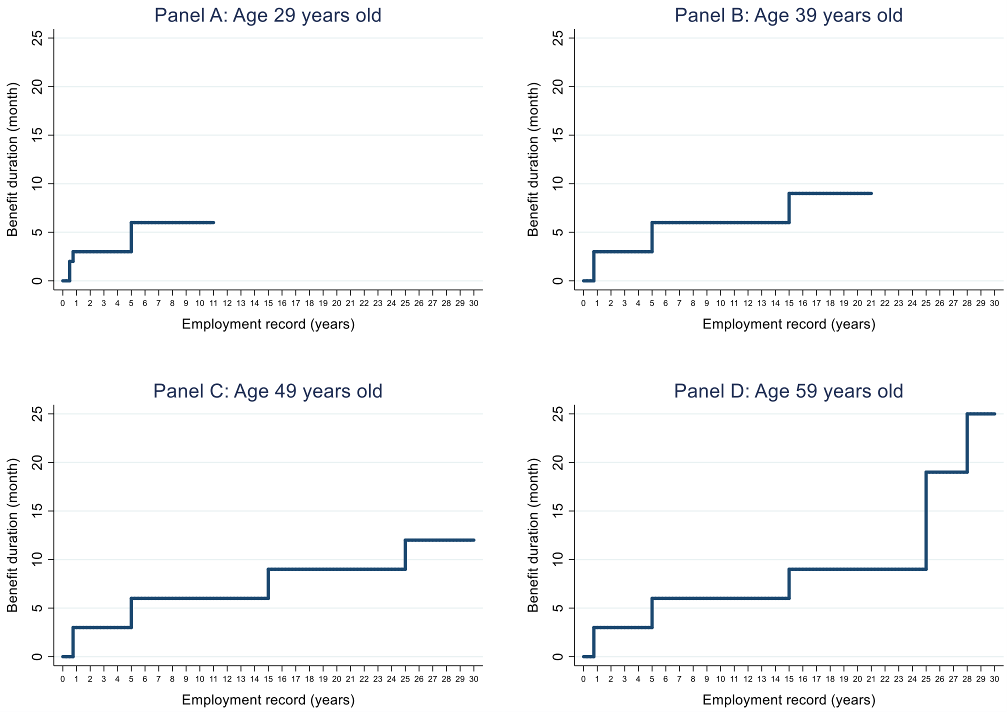
Unemployment benefit duration depends upon the claimant's insurance contribution record as follows:

- 2 months if the insurance period ranges from 6 to 10 months (only for those aged under 30).
- 3 months for insurance of 10 months to 5 years,
- 6 months for insurance of 5 to 15 years,
- 9 months for insurance of 15 to 25 years,
- 12 months for insurance of 25 years or more,
- 19 months for those aged over 53 with an insurance period of more than 25 years,
- 25 months for insured persons over 58 years of age with an insurance period of more than 28 years.

Benefits can be reclaimed after obtaining a new insurance period of at least 10 months (or 6 months for those aged under 30). However, in this case the insurance period from which the right to cash benefit had been already assessed and the insurance period used to receive cash benefits shall not be included in the insurance period for the assessment of benefit duration. This provision does not apply to those who are older than 57 years of age, or have accumulated an insurance period of more than 35 years.

Figure 3. Unemployment benefit duration by age and employment record

Single person without children



Note: The figure shows unemployment benefit duration for 29-, 39-, 49- and 59-year-old person by previous employment record. It is assumed that a person can start working at 19 years old. Thus, the maximum employment record cannot exceed person's age minus 18.
Source: OECD Tax-Benefit Model 2023.

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

The benefit is subject to the income tax. Benefit recipients pay all compulsory social security contributions (for the pension and disability insurance, health insurance and contributions for maternity and unemployment insurance).

2.1.6. Interactions with other components of the tax-benefit system

Unemployment insurance benefits can be received alongside all the other benefits. However, they are included in the income definition for the means tests for social assistance, housing benefit and family benefits. According to the Labour Market Regulation Act (article 63) persons who are eligible for the old age pension cannot receive unemployment benefits.[5]

2.1.7. Combining benefit receipt and employment/starting a new job

The insured person who seeks full-time employment and signs a part-time employment contract retains the right to receive a proportionate part of the gross unemployment benefit, and pays a proportionate part of contributions for pension and disability insurance, health insurance, maternity and unemployment insurance contributions (section 7.1), for the difference to full-time employment (see also Article 66 of the ZUTD). The gross unemployment insurance amount less the associated social contributions is included in the income tax base (section 8.1).

For instance, if the insured person works 20% of full time, i.e. 8 hours a week, they can keep 80% of their previous *gross* unemployment benefit (i.e. before taxes and social security contribution payments), whereas if the person works 45% of full time i.e. 18 hours a week, he or she can retain 55% of their previous gross unemployment benefit. This entitlement lasts until the right to unemployment benefits expires. Eligibility requires the signature of a part-time contract, independently of the number contractual hours of work. What is relevant is the part-time nature of the contract, i.e. to work less than 40 hours a week. The benefit can be received alongside any other benefits. However, it is included in the income definition for the means tests for social assistance (section 3.1), housing benefit (section 3.2) and family benefits (section 4).

OECD note
According to the methodology underlying the OECD tax-benefit model (TaxBEN), the partial unemployment benefit described above is defined as an ‘into-work’ benefit.[6] Into-work benefits whose amounts or rules are linked to other out-of-work benefits (like the partial unemployment benefit in Slovenia, which is linked to the main unemployment insurance benefit), are included in the same TaxBEN variable of the benefit to which they depend (e.g. the variable ‘UB’ in Slovenia).

[5] In addition, a condition for obtaining unemployment insurance benefits is registration in the Register of unemployed. A condition for registration in the Register of unemployed is the maximum age of 65.

[6] Into-work benefits are cash benefits paid to those who are out of work and move into a formal employment relationship, either full time or part time. These benefits can be related to previous out-of-work benefit entitlements, e.g. for the calculation of the amount and the duration, or take the form of lump-sum grants.

As of 2018, unemployment insurance benefit recipients who take up full time employment, i.e. 40 hours a week or more, retain the right to receive part of their last paid cash unemployment insurance benefit until the right to unemployment insurance benefits expires, but for no more than 12 months after the start of the new employment.[7] To be entitled to the benefit, a claimant must be a recipient of unemployment insurance benefit and have a low- or middle level of education or be educated for a profession for which there is low demand who has moved into full-time employment (other than employment in public works programmes).[8]

This benefit is equal to 20% of the last *net* monthly unemployment insurance amount received before taking up employment. IT can be received until the unemployment insurance benefit would have expired, or for 12 months, whichever is shorter. Because income tax liabilities are calculated at the end of the fiscal year, the *net monthly* UI amount that is relevant for the work bonus is calculated applying an income tax prepayment to the gross UI amount of 25%.[9]

The work bonus is exempted from all social security contributions and is reduced by 25% of income tax prepayments. At the end of the fiscal year, both the UI and work bonus *gross* amounts are included in the income tax base together with the other taxable incomes. If the final income tax liability is lower than the tax prepayments paid during the year, the taxpayer will receive a monetary compensation.

OECD note

The OECD tax-benefit model is a static *monthly* model that works as needed with annualised monthly income amounts. As a result, tax prepayments are *not* included in the calculations. Instead, the *net* monthly amounts of both the UI and work bonus are calculated annualising (i.e. multiplying by 12) the monthly gross amounts and applying the full income tax schedule to these annualised values (including any relevant tax reliefs).

The net amount of the work bonus is included in the means tests of social assistance (Section 3.1), housing benefit (Section 3.2) and family benefits (Section 4).[10]

Box 1. Calculation of benefit entitlements for UI benefit recipients who take up employment

Let us consider a jobseeker living alone and receiving EUR 693 per month of *gross* unemployment insurance (UI). This person pays 22.1% of social security contributions on this gross amount, i.e. EUR 153 (Section 7.1). In addition, the recipient is subject to an income tax pre-payment of 25%. Thus, the last *net* UI amount is equal to EUR 693-153-135 = 405. Note that the income tax liability at the end of the fiscal year may be zero, due to the effect of the standard tax reliefs (section 8.1 for details).

Scenario 1:

Let us assume that this jobseeker signs a part-time contract of 20 hours per week for 5 days per week. As a result, this person keeps receiving 50% of the gross unemployment benefit,

[7] Unemployment insurance benefit recipients can also receive payment for work done on the basis of a contract other than employment contract (e.g. a service contract). In this case, half of earnings above EUR 200 per month are deducted from the unemployment benefit amount. This situation is not simulated in the TaxBEN model.

[8] It is assumed that this condition is met in the TaxBEN model.

[9] Taxpayers can ask to use the lower tax pre-payment rate (16%) if they think that their annual taxable income will be particularly low and thus subject to a lower income tax (see section 8).

[10] Since March 2020, this benefit is not granted if the person is re-employed at the same employer.

i.e. EUR 347 per month, until the right to unemployment benefits expires. The amount is subject to social security contribution payments and is taxable.

Scenario 2:

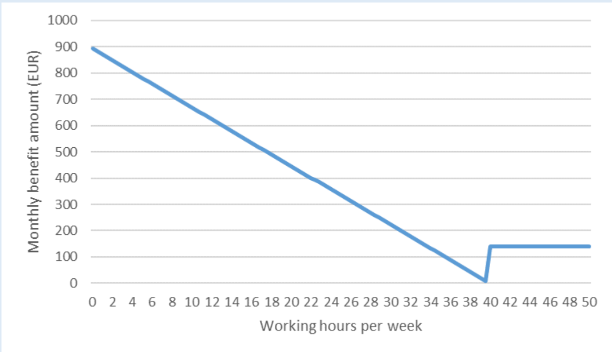
Let us assume that the jobseeker signs a full-time contract of 40 hours per week for 5 days per week. As a result, this person is not eligible for the partial unemployment benefit scheme (scenario 1) but receives a monthly work bonus equal to 20% of the last *net* unemployment benefit amount. The last *net* unemployment benefit received is equal to EUR 405 (see above). Thus, the work bonus is equal to 20% of EUR 405, i.e. 81 EUR. This amount is exempted from social security contributions payments, but is subject to 25% tax prepayment. As a result, the 'net' work bonus is 61 EUR.

At the end of the fiscal year, the *gross* UI amounts (EUR 693) as well as the *gross* work bonuses (EUR 81) received throughout the year are included in the tax base, together with the other taxable incomes. If the final income tax liability is lower than the overall tax prepayments, the taxpayer will receive a monetary compensation.

Applying the calculations described for scenarios 1 and 2 to a broader range of working hours produce the benefit amounts shown in Figure 4.

Figure 4. Benefit amounts that UI benefit recipients can receive if they take up employment, by working hours in the new job

40-year-old single person without children



Note: The figure shows the amount of unemployment insurance that a jobseeker can retain after starting a new part-time or full-time job. The calculations assume that the jobseeker, before becoming unemployed, had an employment record of 22 years, and that the previous wage that enters the UB calculations was equal to the average wage (the calculations use the 2023 average wage, i.e. 1947 EUR per month). Finally, the calculations assume that, after receiving unemployment benefit for two months, the jobseeker finds a new employment with an hourly wage equal to the average wage (the calculations use the 2023 average wage). The figure shows the amount of the unemployment that this person receives in the 2nd month of new employment, by working hours per week.

Source: OECD Tax-Benefit Model 2023.

2.1.8. Benefit indexation

No automatic indexation of unemployment benefits.

2.2. Unemployment assistance

OECD note: In many OCED countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3). These UA and SA benefits have different purposes (and reach different target groups). For instance, while the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements exist only for those who are capable of work.

Based on this definition, Slovenia does not currently provide an Unemployment Assistance programme. Nevertheless, a Social Assistance programme is available for those who are unable to earn sufficient incomes from other sources (described in Section 3).

3. Social assistance and housing benefits

3.1. Financial social assistance (*denarna socialna pomoč*)

Variable name: **[FSA]**

This is a non-contributory benefit, means-tested and not taxable.

Financial Social Assistance is a social benefit which acts as a final safety-net. It is provided to individuals and families who are unable to secure their material needs for reasons beyond their control. The purpose of Financial Social Assistance is to provide for minimum needs at a level which allows basic subsistence. There are two types of Financial Social Assistance: Ordinary (described in this Section and simulated in the TaxBEN model) and Extraordinary (not simulated and described in the Annex).

3.1.1. Eligibility conditions

The following groups can apply for this benefit. Slovenian citizens who have permanent residence in Slovenia. Foreigners who have a permit for permanent residence in Slovenia and permanent residence. Persons granted international protection and their family members who have the right to family reunification a residence permit in Slovenia and have their permanent or temporary residence in the Republic of Slovenia, and those entitled on the basis of international agreements ratified by Slovenia.

There is no age restriction for Financial Social Assistance, however those above normal retirement age (63 for women and 65 for men) can apply for Supplementary Allowance

OECD note: the Supplementary Allowance is described in the Annex but is not included in the OECD tax-benefit model.

Financial Social Assistance is not granted to persons whose income is below the minimum income for reasons that they could or can influence, or who, without valid reasons, reject, avoid or abandon activities that could or can lead to employment or to another method of increasing their family's income. This includes the termination of a job for specified reasons, failure to register with the body responsible for employment, unjustified rejection of an appropriate work, unjustified abandonment of the exercise of a right that could influence the social situation of the person or his or her family members. Other reasons are the unwillingness to accept the call for concluding the contract on means of support, refusal to conclude or failure to implement the specified activities to address individual social problems, serving a prison sentence or the loss of the means of subsistence or of any income for the reasons within the claimant's control.

3.1.2. Benefit amount

The level of Financial Social Assistance is linked to the Basic Minimum Income (*osnovni minimalni dohodek*). The amount of Financial Social Assistance and Supplementary Allowance is adjusted in parallel with adjustments of the Basic Minimum Income.

On the 1st of January 2023, the Basic Minimum Income was EUR 421.89 per month.

The amount of the Financial Social Assistance is determined as the difference between (i) the sum of the amounts of minimum income for each family member (listed below) and (ii) the total household income (Section 3.1.4):

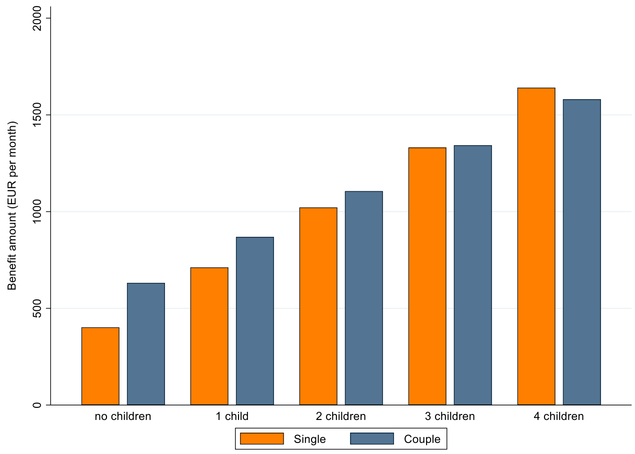
FSA = max(0, sum of minimum monthly income for each family member *minus* total household income).

The minimum monthly income for each family member is as follows:

- first adult, or a single person: 100% of the BMI,
- first adult, or a single person, working between 60 and 128 hours per month: 126% of BMI,
- first adult, or a single person, working more than 128 hours per month: 151% of BMI,
- a single person aged between 18 and 26, registered with the Employment Service living at the same address as their parents, provided that the parents have means to support themselves: 70% of the BMI,
- every next adult person working less than 60 hours per month: 57% of the BMI,
- every next adult person working between 60 and 128 hours per month: 70% of the BMI,
- every next adult person working more than 128 hours per month: 83% of BMI,
- each child of the claimant, as long as they are obliged to support these children in accordance with the rules governing their duty of maintenance: 59% of BMI.
- increase for each child in a single-parent family if no subsistence benefits for child support are received: 18% of the BMI.

Figure 5. Financial social assistance for out-of-work families

40-year-old single person and couple with or without children



Note: The figure shows maximum amount of financial social assistance for a jobless family with no income. Results assume no receipt of unemployment benefits, family benefits or any other benefits that are usually included in the means test for social assistance benefit.
Source: OECD Tax-Benefit Model.

A lump-sum 'energy supplement' (*Energetski dodatek*) for recipients of FSA and Supplementary Allowance (annex) was granted during the period between 01/08/2022 and 31/03/2023.[11]

Family type	Amount (lump sum)
Single person without children	EUR 200
Single person with children	EUR 200 + EUR 118 for each child (EUR 59 in case of coparenting)
Couple with children	EUR 314 + EUR 118 for each child (EUR 59 in case of coparenting)
Couple without children	EUR 314

The supplement is added to the final FSA amount without affecting the FSA calculations. However, the increase of the FSA due to the energy supplement may affect eligibility and entitlement of other benefits that include the FSA amount in their income tests, e.g. the housing benefit (Section 3.2) and the state scholarships (Section 4.2).

Frequency/periodicity of FSA payments: monthly.

3.1.3. Benefit duration

FSA is granted up to 3 months for the first time and can be prolonged for 6 additional months (12, in special circumstances). FSA can be renewed for additional periods if the conditions remain unchanged.

Those who are assessed as permanently/fully unemployable and fulfil other specified conditions, such as not having properties, having a permanent incapacity for work, or being above the retirement age can claim the Supplementary Allowance (Annex).[12]

3.1.4. Means test

The Act on exercising the rights from public funds defines the order of rights to be claimed from public funds. The first right to be claimed is Child Allowance (if the individual has children), and the second is Financial Social Assistance (followed by the Supplementary Allowance and State Scholarship). This means that in case of a family with children, the family must first claim Child Allowance, and then this income is considered when calculating Financial Social Assistance entitlement.

The monthly amount of Financial Social Assistance is the difference between corresponding thresholds and total monthly income of an individual or family. This includes earnings, old age pension (annex) and unemployment insurance (Section 2). Income tax liabilities (Section 8) and social security contributions (Section 7) are subtracted from the reference incomes.

The reference income also includes inheritances, gifts, income from agricultural and entrepreneurial activities and all wages and earnings of an individual or their family members that are subject to income tax, as well as non-taxable personal earnings.

The Child benefit (Section 4.1) is included in the reference income with the following exceptions:

[11] Act Determining Temporary Measures to Remedy the Consequences of Higher Living Costs of the Most Vulnerable Population Groups.

[12] A person is considered as “permanently unemployable” if he/she has a decision on his/her unemployability issued by the Employment Service of the Republic of Slovenia under the regulations on employment rehabilitation and employment of persons with disabilities or by another relevant body under the regulations governing the status of persons with disabilities. Permanent incapacity for work occurs when changes in health occur, which cannot be eliminated by treatment or medical rehabilitation measures. Permanent incapacity for work or disability may result from injury at work, occupational disease or illness and injury outside work.

- The additional amount for a one-parent family.
- The addition for children who are not enrolled in kindergarten.

The Child benefit that enters the reference income is further reduced of an amount that equals 20% of the child benefit amount for the first child in the first income bracket (see Table 1 in Section 4.1), multiplied by the number of children.

Example: consider a lone parent with two dependent children under 18 who do not receive maintenance benefits from the missing parent. Assuming that the reference household income for the calculation of the child benefit is in the first income bracket (see Table 1 in Section 4.1), the lone parent receives EUR 335.21 of total child benefit:

- *122.79 EUR for 1st child.*
- *135.06 EUR for 2nd child.*
- *122.79*0.3+135.06*0.3 = 77.36 EUR as additional amount for one-parent families*

However, the income that is considered for the financial social assistance is equal to:

*122.79 + 135.06 – 0.2*122.79*2 = 208.73 EUR.*

The way the Child benefit enters the means test of the Financial Social Assistance benefit is the same as for all the other benefits that include the Child benefit in their means test, including the housing benefit described in Section 3.2 as well as the reduction of the childcare fees described in Section 5.2.

The following income sources are NOT considered in the means test:

- Large family allowance (Section 4.1),
- Housing benefit for non-profit rent (Section 3.2) as well as other housing subsidies for young families,
- State scholarships (annex) and other benefits paid to students (including benefits for covering tuition fees, transport and housing),
- one-off cash assistance under the legislation governing the protection against natural and other disasters, one-off solidarity assistance from a trade union,
- compensation for damaged things that were available for defence needs or protection against natural disasters,
- income associated with agricultural and forestry activity,
- support for education or training fees and transport or lodging costs, transport to work and food allowances,
- cash assistance from humanitarian and disability organisations and charities up to the amount of the minimum income for the individual or family.

Real estates and other assets (including financial assets, savings on current or other accounts where they do not constitute an income, company or cooperative shares and vehicles) are considered with the following exceptions:

- The house where the person/family resides and has permanent residence, worth up to EUR 120 000.[13]

[13] If the house where the person/family resides and has permanent residence is worth more than EUR 120 000 may be excluded from the asset test if the Social Work Centre (*Center za socialno delo*, SWC) decides that the claimants cannot temporarily secure a living without this apartment or residential house, due to circumstances beyond their control. If recipients have received Financial Social Assistance for more than 18 times in the last 24 months, they continue to be

- Real estates, up to EUR 50 000, that cannot be used/dismissed for temporary reason.
- Business premises and business buildings, other facilities and movable property used for obtaining income from business activities.
- The value of agricultural, water and forest lands that produce an income or that cannot be cultivated.
- A vehicle for personal use (up to a EUR 11 261.04) and a vehicle adapted for people with disabilities.
- Debts, loans, mortgages for the purchase or construction of housing.
- Property for which the person as a lessee has a financial lease or operating lease.
- The value of supplementary pension schemes.
- Savings up to three times the relevant FSA income eligibility threshold for a single person or a family are not considered as assets. This applies only to savings that do not generate/represent income (e.g. those in the current bank account). For families, the relevant FSA income eligibility threshold is capped to EUR 2 500.[14] Savings exceeding the relevant FSA income eligibility threshold (or EUR 2500 for a family), enter the asset test calculations (described below) in their *total* value, and not only the difference between the total value of savings and the relevant threshold.
- Selected objects and personal belongings are excluded from the asset tests (e.g. furniture, jewelleries, household appliances and other personal effects).

Assets enters the asset test as follows. If the total value of the assets (after considering any relevant exceptions listed above) exceeds the amount of 48 times the Basic Minimum Income (EUR 20 250.72 on the 1st of January 2023), the FSA is not granted, independently of the household income. If the total value of the assets (after considering any relevant exceptions listed above) does not exceed the amount of 48 times the Basic Minimum Income, FSA may be granted *if* the income of a single person or a family does not exceed the statutory threshold for the FSA entitlement *and* one third of the total amount of assets (after considering any relevant exceptions listed above) is lower than the FSA entitlement. When savings are more than three times the relevant FSA income eligibility thresholds (capped to 2500 EUR for families) but less than 48 times the BMI, Centre for Social Work may decide not to grant FSA or to provide it in a lower amount depending on the Centre's assessment of the household's economic and financial situation (free discretion).

As an example, let us consider a single non-working person with an income of 100 euros per month. This person would be entitled to an FSA amount of EUR 421.89-100 = EUR 321.89. Let us now assume that this person has EUR 2000 of savings in the current account. Because these savings are more than three times the FSA income eligibility thresholds for a single person (3xEUR 421.89 = EUR 1266) but less than 48 times the BMI, the Centre for Social Work may decide (free discretion) not to grant FSA (or to grant it in a lower amount) because one third of the *total* value of savings (EUR 2000/3= EUR 666.67) would be higher than the FSA amount to which this person would be

eligible only if they allow the entry of the prohibition of alienation (sale, transcript, etc.) and encumbrance of all real estate they own in the land register in favour of the Republic of Slovenia.

[14] For instance, the FSA eligibility threshold for a couple with two children is 2.75 BMI (EUR 1160 - Section 3.1.2 for details). Three times this amount is 3*1160=EUR 3480, which is higher than EUR 2500. As a result, the EUR 2500 threshold applies for this family. If the family's savings exceed EUR 2500, they are taken into account as assets in their *total* value (not the difference between the total value of savings and EUR 2500). The same rule applies for single person's savings: if the single person's savings exceed three times the FSA income eligibility thresholds (3xEUR 421.89 = EUR 1266), they are taken into account as assets in their total value, and not as a difference between the total value of savings and EUR 1266.

entitled (EUR 321.89). However, if the total value of savings was EUR 1000, i.e. lower than three times the FSA income eligibility threshold, the Centre for Social Work would grant FSA for an amount of EUR 421.89-100=EUR 321.89. In other words, when determining eligibility for the FSA, financial resources are not taken into account at all in the asset test if their value does not exceed three times the relevant FSA income eligibility thresholds (up to 2500 EUR for a family). Under these circumstances, the Centre for Social Work do not have any free discretion in deciding not to grant FSA because of assets.

OECD note: the TaxBEN model assumes that the family's total assets are under the threshold for FSA eligibility.

3.1.5. Tax treatment

The benefit is not taxable.

3.1.6. Interaction with other components of the tax-benefit system

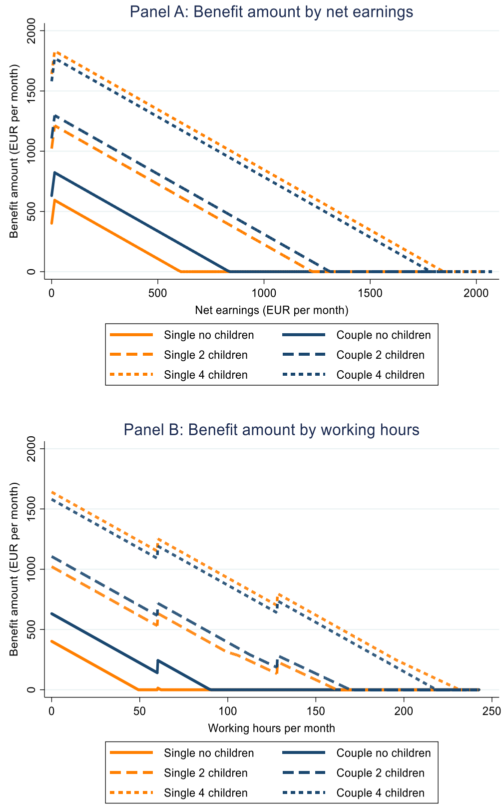
Financial Social Assistance can be received alongside all other benefits and pensions (including old-age pensions). FSA entitlements are included in the income tests of both the housing benefit (Section 3.2), the Supplementary Allowance (Annex) and the State scholarship (Section 4.2). FSA entitlements are included also in the definition of the "Average net monthly income" that is considered for the reduction of childcare fees (Section 5.2.1). Finally, the FSA amount is included in the means test of other income support measures described in the annex. The rules described in Section 3 apply in the same manner also to those above the retirement age receiving an old-age pension.

3.1.7. Combining benefit receipt and employment/starting a new job

No restrictions, but earnings from work are included in the income definition for the means test (see Section 3.1.4 above). If first adult in a family starts working more than 128 hours per month, the FSA threshold increases by 0.51 of BMI (section 3.1) starting from the month following the recruitment and excluding the salary. The increase in the FSA threshold is not temporary. The increase applies as long as the person is employed and eligible for FSA. The higher FSA amount is applied starting from the month following the first salary payment, assuming that the new total income of family does not exceed the threshold for FSA eligibility.

Figure 6. Financial social assistance for working families

40-year-old single person and couple with or without children



Note: The figure shows how the amount of financial social assistance for a jobless family changes if one adult in the family starts working. Results assume no receipt of unemployment benefits, family benefits or any other benefits that are usually included in the means test for social assistance benefit. In Panel A, the adult starts working full time (i.e. 40 hours per week) at different levels of earnings. In Panel B, the adult works different number of hours at an average hourly wage.
Source: OECD Tax-Benefit Model.

3.1.8. Benefit indexation

Financial Social Assistance is adjusted in parallel with adjustments of the Basic Minimum Income (*osnovni znesek minimalnega dohodka*). The Basic Minimum Income is adjusted once a year, on 1st March based on the growth of consumer prices in the previous year according to the Statistical Office of the Republic of Slovenia.
A family or an individual who:

- is already entitled to Financial Social Assistance, automatically receives a corresponding increase (higher payment in March 2023).
- is not yet entitled to Financial Social Assistance, the amount of Financial Social Assistance and the threshold is raised from the first of April, or the new amount is considered when deciding on applications submitted from March onwards.

Notwithstanding the above, the Ministry responsible for social welfare is, in accordance with the Social Benefits Act (*Zakon o socialno varstvenih prejemkih*) (Official Gazette of the Republic of Slovenia, no. 61/2010, and subsequent amendments) is obliged to determine the amount of the minimum cost of living at least every six years. If the difference between the newly determined and the last determined short-term minimum cost of living (the means to meet the minimum subsistence needs of life at a subsistence level) exceeds 15 per cent, the Ministry sets a new level of the basic amount of the minimum income.

3.2. *Housing benefit for non-profit rent (subvencija neprofitne najemnine)*

Variable name: **[HB]**

This is a non-contributory benefit, means-tested and not taxable.

3.2.1. Eligibility conditions

Housing benefit for non-profit rent (HB) can be claimed by households who are renting and whose income is under income threshold (see section 3.2.4).

3.2.2. Benefit amount

The rent subsidy is calculated as the difference between the 'recognised non-profit rent' and the 'ability to pay'.

The claimant's 'ability to pay' is equal to the reference household income (Section 3.2.4), reduced by 30%, and the level of the Minimum Income calculated without the increase for work activity (Section 3.1).

The 'recognised non-profit rent' is calculated by multiplying the maximum apartment surface as stated by the Law (article 14 of the law on the rental of non-profit apartments – see the relevant values in the table below) by the average rent per square meter for non-profit apartments.[15] The maximum apartment surface varies by household size as follows:

Household size	Maximum apartment surface used for calculation of HB (m2)
1 member	30
2 members	45
3 members	55
4 members	65
5 members	75
6 members	85

	2023
Average rent of non-profit apartment on m2	3.07 €

Source: Ministry of the Environment and Spatial Planning

Household size	Recognized non-profit rent in 2023 (in EUR)[16]
1 member	92.1 €
2 members	138.15 €

[15] The calculation of the 'recognised non-profit rent' in each individual case is more complex than what is described in this paragraph (see the "Decree on the methodology for determining non-profit rent and on the determining the amount of rent subsidies"). The 'Recognised non-profit rent' is calculated by multiplying the apartment's value by annual degree of non-profit rent and divided by 12 (months). The apartment's value is a function of multiple factors (article 116 of the Housing Act). One of them is apartment's surface. If the actual apartment's surface is larger than the maximum apartment surface according to the size of a household, as stated by the Law (article 14 of the law on the rental of non-profit apartments) then the calculation is done by using the surface determined by the law. The OECD TaxBEN model uses a simplified calculation of the 'recognised non-profit rent', based on the correlation between the maximum apartment surface and the household size, as stated by the law.

[16] The recognized non-profit rent amounts shown in this table approximate the actual values, which depend on a series of unobserved factors related to the type and characteristics of the claimant's apartment.

3 members	168.85 €
4 members	199.55 €
5 members	230.25 €
6 members	260.95 €

If the claimant's ability to pay is less than 15% of the recognized non-profit rent, then the housing benefit is equal to 85% of the recognized non-profit rent, even if the actual rent is higher.[17] Note: only the rent is included in the actual housing costs. Bills are excluded.

3.2.3. Benefit duration

The right to housing benefit is recognised by a decision for a period of one year. It is possible to re-claim the benefit if the eligibility conditions still hold.

3.2.4. Means test

The reference income for the means test includes the following components:

- Earnings from employment as well as wage compensations for unemployed and disabled workers.
- Unemployment insurance (section 2.1), financial social assistance (including the supplements for positive working hours – see section 3.1 for details), supplementary allowance (annex), child benefit (section 4). The child benefit enters the reference income in the same way as it enters the means test of financial social Assistance (see section 3.1.4 for details). Old age pensions (annex).
- Employee social security contributions (section 7) and income tax payments (Section 8) are subtracted from the relevant income components described above.

The reference income does NOT include the following components:

- The large family allowance (Section 4.1)
- State scholarships (Section 4.2)

Tenants in rented housing are eligible for the housing benefit if their net income (as defined above) does not exceed the reference income threshold. This threshold is equal to the maximum theoretical amount of the family's Minimum Income *without* the increase for work activity (Section 3.1.2), increased by 30% of their established income and by the amount of the 'recognized non-profit rent' (see Table above).

Table 1. Example of calculation of the housing benefit for a working lone parent with two dependent children

Note: the lone parent does not claim Financial Social Assistance and the absent parent cannot provide financial support.

	Gross earnings from employment	Child benefit	Income tax	Social security contributions	Net household income for HB calculations
Step 1: calculation of reference income for the HB calculations	**[1]**	**[2]**	**[3]**	**[4]**	**[5]= [1]+[2]-[3]-[4]**
	17989	1376 (the part taken into account for the HB means test, total=2520)	868	3976	**14521**
Step 2 – part 1: main components	**Net household income for HB calculations**	**30 % of reference income**	**Minimum Income of the family without the**	**Ability to pay the rent**	**Non-profit rent stated in the**

[17] In other terms, claimant must pay (at least) 15% of recognized non-profit rent, even if his ability is lower than that.

for the HB calculations			increase for working hours		tenancy agreement
	[6]=[5]	**[7]**	**[8]**	**[9]=[6]–[7]-[8]**	**[10]**
	14521	4356	12258	0 (Negative value, recoded to 0)	4116
Step 2 – part 2: calculation of the HB entitlements	**Recognized non-profit rent for a 3-person family**	**Reference income threshold for HB eligibility**	**Rent co-payment (step 1)**	**Rent co-payment (step 2)**	**Final HB entitlement**
	[11]	**[12]= [7]+[8]+[11]**	**[13] = [11]*15%**	**[14] = max([9],[13])**	**[15] = [11]-[14]**
	2026	18631	303.9	303.9	1722.1

Note 1: if the non-profit rent stated in the tenancy agreement (item 10 in the table above) was EUR 1500 instead of EUR 4116, the rent co-payment would be EUR 225 and the housing benefit entitlement would be EUR 1275.

Note 2: if the non-profit rent stated in the tenancy agreement (item 10 in the table above) was EUR 1500 instead of EUR 4116, and the "net household income for HB calculations" (item 6 in the Table above) was EUR 18211 instead of 14521, the rent-co-payment would be equal to the ability to pay the rent, i.e. EUR 490. Under this scenario, the housing benefit entitlement would be EUR 1010.

3.2.5. *Tax treatment*

The housing benefit is not taxable.

3.2.6. *Interaction with other components of the tax-benefit system*

It is possible to receive housing benefit together with all the other benefits described in this report. Other benefits are included in the income definition for the means test as described in Section 3.2.4 above. The housing benefit amount is not included in the means test of state scholarships (section 4.2). The rules described in section 3.2 apply in the same manner also to those above the retirement age receiving an old-age pension.

3.2.7. *Combining benefit receipt and employment/starting a new job*

Housing benefit receipt can be combined with employment if the means-test and other eligibility conditions are satisfied.

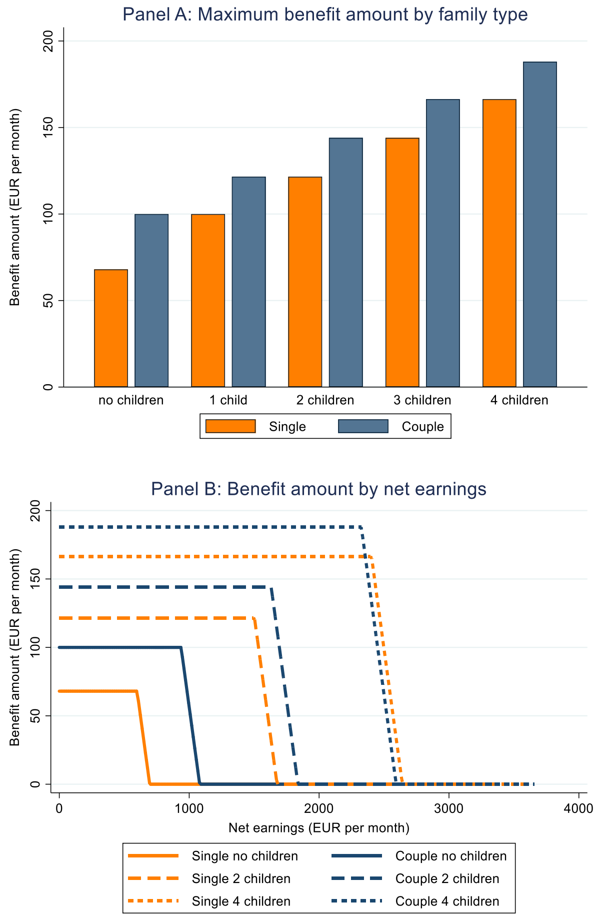
3.2.8. *Benefit indexation*

Housing benefit is indexed in parallel with indexation of the 'point value' which is one of the components for assessing the apartment's value. The point value has an impact on the calculation of the 'recognised non-profit rent'. Once a year (April 1st) the point value is indexed.

Indexation of housing benefit takes into calculation also new amount of the Basic Minimum Income (*osnovni znesek minimalnega dohodka*).

Figure 7. Housing benefit

40-year-old single person and couple with or without children



Note: Results assume no receipt of unemployment benefits, family benefits, social assistance benefit or any other benefits that are usually included in the means test for housing benefit. Panel A shows the maximum housing benefit amount for a jobless family with no income. Panel B shows the reduction in the housing benefit amount when one adult starts working full time at various earnings levels. The rent for all family types is assumed to equal 20% of the average wage.
Source: OECD Tax-Benefit Model.

4. Family benefits

4.1. Child benefit *(družinski prejemek)*

Variable name: **[FB]**

This is a non-contributory benefit, it is means-tested and is not taxable.

4.1.1. Eligibility conditions

The claimant (one of the parents or a guardian) must have a dependent child under 18.

4.1.2. Benefit amount

Child benefit provides parents with low incomes with additional support when the income per family members does not exceed the maximum limit of income bracket. All amounts are net income (as defined in Section 4.1.4 below).

Table 1. Child benefit amounts in 2023 (EUR/month)

		Amount for each child until the end of the primary school, or up to the age of 18 (EUR)			Amount for each child in high school,[18] but not exceeding 18 years (EUR)		
Income bracket	Net income per family member (EUR)	1st child	2nd child	3rd and subsequent child	1st child	2nd child	3rd and subsequent child
1	Up to EUR 200.78	122.79	135.06	147.35	122.79	135.06	147.35
2	over EUR 200.79 to EUR 334.64	104.98	116.05	127.05	104.98	116.05	127.05
3	Over EUR 334,65 to EUR 401.58	80.01	89.43	98.81	80.01	89.43	98.81
4	Over EUR 401.59 to EUR 468.50	63.11	72.00	81.07	63.11	72.00	81.07
5	Over EUR 468.51 to EUR 591.22	51.60	60.22	68.78	51.60	60.22	68.78
6	Over EUR 591.23 to EUR 713.91	32.70	40.92	49.10	32.70	40.92	49.10
7	Over EUR 713,92 to EUR 914.71	24.53	32.70	40.92	30.97	39.14	53.33
8	Over EUR 914.72 to EUR 1.104,33	21.36	29.54	37.71	24.58	32.76	42.85

TaxBEN note: because most children start the high school at the age of 13, TaxBEN uses the amounts for high school students for children aged between 13 and 18.

For lone parent families, these amounts are increased by 30%.

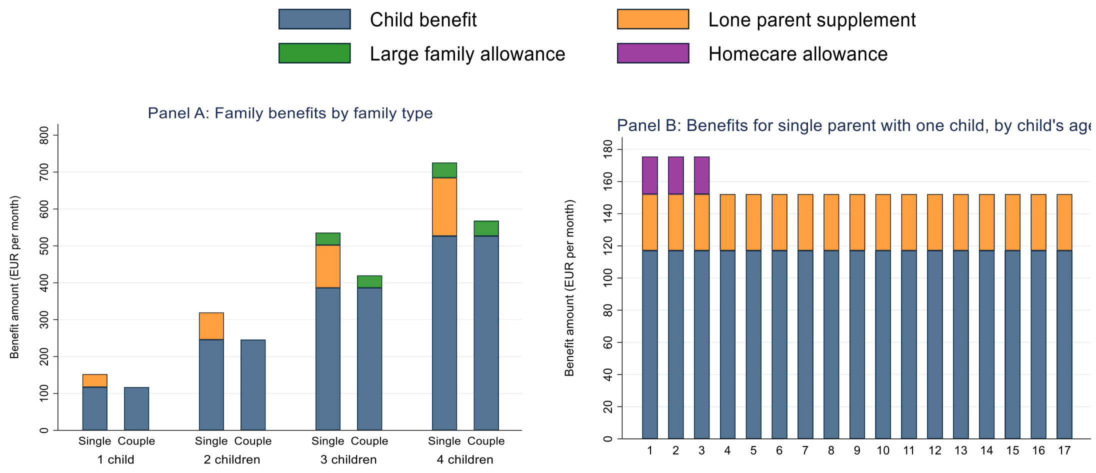
If a pre-school child does not attend kindergarten, the amount of the child benefit is increased by 20%. This 20% increase is paid for children under the age of 4.

In Slovenia, there is also a 'large family allowance' for families with three or more children. In 2021, the large family allowance was EUR 424,30 (EUR 515,60 for families with four or more children). The large family allowance is a lump sum payment paid once a year.

Frequency/periodicity of benefit payments: monthly.

Figure 8. Maximum amount of family benefits

Single parent and couple with children



Note: The figure shows maximum family benefit amounts for a jobless family with no income. Results assume no receipt of unemployment benefits or any other benefits that are usually included in the means test for family benefits. In Panel A, children are 4, 6, 8, and 10 year old. In Panel B, child's age varies from 1 to 17 years old. A child under the age of 4 does not attend kindergarten.
Source: OECD Tax-Benefit Model.

[18] Children usually attend high school from the age of 13.

4.1.3. *Benefit duration*

As long as the eligibility conditions hold.

4.1.4. *Means test*

Benefit amounts depend on the income bracket a family fits into (see Section 4.1.2). The income bracket depends on *net* income *per family member*. This means that income taxes and social security contributions are subtracted from the sum of the relevant incomes, and then the overall amount is then divided by the family size.

The following incomes are included in the means test:

- Earnings other market incomes.
- Unemployment insurance (section 2.1).
- Old-age pension (annex).

The following incomes are NOT included:

Financial social assistance (section 3.1), supplementary allowance (annex), housing benefit (section 3.2) and state scholarships (section 4.2).

4.1.5. *Tax treatment*

The benefit is not taxable.

4.1.6. *Interaction with other components of the tax-benefit system*

The benefit can be received together with any other benefits. The amount of the Child benefit is included in the means tests of the following benefits:

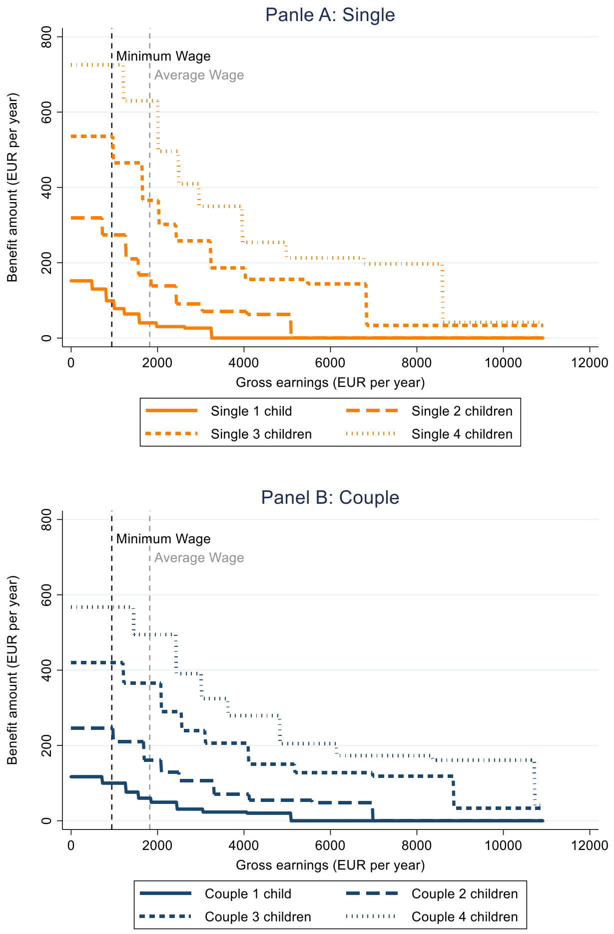
- Social assistance (section 3.1),
- Housing benefit (section 3.2)
- State scholarships (section 4.2).

4.1.7. *Combining benefit receipt and employment/starting a new job*

No restrictions, but amount of benefit received depends on earnings from work (see Section 4.1.4 above).

Figure 9. Amount of family benefits by earnings

40-year-old single person and couple with children



Note: The figure shows how the total amount of family benefits (child benefit, lone parent supplement and large family allowance) decrease if one adult in the family starts working. Results assume no other sources of income except earnings from work. Children are 4, 6, 8, and 10 years old. Large family allowance for families with three or more children does not depend on income. Other benefits decrease gradually to zero as earnings increase.
Source: OECD Tax-Benefit Model.

In addition to the child benefit (including the supplements for large families and lone parents), Slovenia provides the following supplementary allowances for families:

- Childbirth allowance: one-time payment on the birth of a child of EUR 367,15. The Anti-Corona support packages provided an additional one-time payment of 500 EUR for parents of new-borns from 1/1/2020 and until 30/6/2023. Only parents with a permanent residence in the Republic of Slovenia received this payment.
- Parental allowance: financial assistance for 365 days after the birth of a child or longer in special circumstances (e.g. birth of twins or triplets or premature birth) to parents when they are not entitled to parental leave benefits after the birth of the child. In 2023, parental allowance is 421,89 EUR per month.
- Special childcare allowance: benefit in cash for a child who needs special care and is intended to cover higher costs of living the family has due to special care and nursing of such child. The monthly amount of the special childcare allowance is EUR 107,42. For children with severe disturbances in mental

development and children with severe disability in movement who need special care, the allowance is EUR 214,84.

OECD note: the Childbirth allowance, the Parental allowance and the Special childcare allowance described above are outside the scope of the OECD tax-benefit model.

4.2. ***State scholarship*** (*Državna štipendija*)

TaxBEN note: State Scholarships are one of the most important income support measures for families with children enrolled in into upper-secondary or tertiary education. This benefit is included in the TaxBEN model from version 2.6.0 (for all available years, i.e. from 2005).

4.2.1. Eligibility conditions

The State scholarship is a benefit intended to cover costs incurred during schooling.

Eligible students are those who are enrolled into upper-secondary or tertiary education and regularly attend school. Most students in Slovenia start the upper-secondary education at the age of 14.

Eligibility requires students to successfully complete each school year for which he received the scholarship. This means achieving a higher level of education by September 30 of the next calendar year.

Additional information on the support for students is available here (in Slovenian).

4.2.2. Benefit amount

Scholarship amounts are paid to each eligible student of the family. This means that if there are two students in the family, both receive the state scholarship.

The amount of the state scholarship depends on the family income as follows.

Table A.1 – Monthly amounts by income levels as of 1 January 2023

Income class	Monthly income per family member (EUR)	Monthly amount for each student up to 18 years of age	Monthly amount for students above 18
1	to 334.64	117.35	234.70
2	from 334.65 to 401.58	98.83	197.65
3	from 401.59 to 468.50	80.29	160.59
4	from 468.51 to 591.22	61.77	123.53
5	from 591.23 to 713.91	43.29	86.47
6	from 713.92 to 914.71	32.57	65.14
7	from 914.72 to 1,104.33	28.35	56.70
8	Above 1,104.34	0	0

See Section 4.2.4 for the exact definition of the reference monthly income.

Additional supplements are paid to students who achieved a minimum average mark of four in the previous school year; students with a granted disability or physical impairment (EUR 53.71 / month) or who reside at more than 25km from the place of education and pay a rent of at least EUR 65 / month (EUR 85.93 / month). These supplements are not included in the TaxBEN model.

Frequency of payment: monthly.

4.2.3. Benefit duration

Scholarships are paid to students attending upper-secondary or tertiary education. Most students in Slovenia start the upper-secondary education at the age of 14 and complete the degree when they are 18. For those who continue studying, tertiary education generally starts when student are 19 years old.

4.2.4. Means test

State Scholarships are paid if the reference household income is below a certain threshold (Section 4.2.2). The reference household income is the *net income per family member*. This means that income taxes and social security contributions are subtracted from the sum of the relevant family incomes, and then the overall amount is then divided by the family size.

The following incomes are included in the means test:

- Earnings and other incomes from work.
- Unemployment insurance (section 2.1).
- Old-age pension (annex).
- Financial social assistance (section 3.1) and supplementary allowance (annex).
- The child benefit (Section 4.1) enters the calculations in the same way as it enters the financial social assistance calculations (Section 3.1.4 for details).

The following incomes are NOT included:

- Housing benefit (section 3.2).
- Allowance for large families (section 4)

4.2.5. Tax treatment

State Scholarships are not included in the tax base of the income tax (Section 8.1)

4.2.6. Interaction with other components of the tax-benefit system

The benefit is not included in the income tests of the other benefits described in this report.

4.2.7. Combining benefit receipt and employment/starting a new job

State Scholarships can be combined with the employment of the student's parents as long as the eligibility conditions hold (section 4.2.1) and the reference household income is below the eligibility threshold (Sections 4.2.2 and 4.2.4).

5. Net costs of Early Childhood Education and Care

In Slovenia, pre-school education is not compulsory and includes children from one to six years of age. Children attending kindergartens are organised into two main age groups: from age 1 to 3, and from age 3 to 6.

Different types of programmes are available including full day, half day, and shorter programmes. Families can also use home-based ECEC in the form of an 'education-and-care family' provided by kindergartens in a preschool teacher's own home or a system of regulated home care child minders. Both forms of ECEC are regulated by the state (Ministry of Education). The kindergarten curriculum includes six areas of activities: movement, language, art, nature, society and mathematics. The goals set in individual fields of activities provide the framework for preschool teachers to select of contents and activities.

More details on the ECEC system in Slovenia, including information on childcare fees and childcare benefits, can be found in this website.

5.1. *Gross kindergarten fees*

Variable name: **[SIcc_cost]**

The fee is determined by the municipality on the suggestion of the kindergarten, which can be publicly or privately run with a concession. Kindergarten calculates the price based on identified costs of education, care and food in the kindergarten.

The Ministry of Education collects data on fees and parents' payments. The table below shows the average prices, including the meals, of full-day programmes (6 to 9 hours / day) for public kindergartens.

	School year: 2021/2022 Eur/month	School year: 2022/2023 Eur/month
First age group (from 11 months to 3 years of age)	497.47	512.07
Second age group (for children who turn 3 by the end of the calendar year, and until the age of compulsory school)	380.74	395.26

For private kindergarten, the average price during the pre-school year 2022/2023 were EUR 556.76 for the first age group and EUR 453.15 for the second age group.

TaxBEN note

The OECD tax-benefit model "TaxBEN" uses the average fees for public kindergartens. If model users select children of 3, 4 or 5 years old, the model uses the fees referring to the *second* age group.

Because kindergarten fees in Slovenia are revised at the beginning of the calendar year, the average fee paid during the pre-school year is a weighted average of the fees paid between September-December of year T-1 and January-June of year T. However, the fees that enter the calculations of the OECD tax-benefit model, which is a static model that takes into consideration the rules applying on a specific reference date (1st of January of year T), are those referring to the second part of the school year (January-June).

The variability of the kindergarten fees across municipalities is particularly high in Slovenia. The table below shows the fees for full-day programmes in selected municipalities with "high" (+), "average" (0) and "low" (–) childcare fees.

Municipality	Age group	EUR/MONTH
Brežice (+)	First age group	624
	Second age group	436
Brestanica (+)	First age group	725
	Second age group	506
Majšperk (0)	First age group	623
	Second age group	482
Lendava (–)	First age group	625
	Second age group	515

5.1.1. *Discounts for part-time usage*

Full-day programmes offer 6 to 9 hours of ECEC per day. Kindergarten may charge extra fees if children need to stay more than 9 hours. However, if children stay less than 6 hours, parents still pay the entire daily fee.

Half-day programmes offer less than 6 hours of ECEC per day. However, because almost all children (about 97% during the pre-school year 2022/2023) attend kindergarten on a full-day basis, several municipalities, including Ljubljana, do not offer half-day programmes. In addition, the childcare fees for half-day programmes, where available, are similar to the full-day fees (about 20/30% less, depending on the municipality).[19]

The discounts of the childcare fees described in Section 5.2, e.g. those by income levels and for siblings, apply also for children enrolled in half-day programmes.

As of September 2018, a short ECEC programme of maximum 240 hours per year, entirely state-financed, is available for children who are *not* enrolled in pre-school education the year before entering primary school (i.e. if they are five years old) as well as for their 4-year old siblings. This programme is provided entirely free of charge.

TaxBEN note

Considering that 97% of the parents in Slovenia use full-day programmes, and that the offer of half-day programmes is at full discretion of the individual municipalities, the OECD tax-benefit model (TaxBEN) uses the fees for full-day programmes *independently* of the hours of ECEC selected by model users. This is consistent with the fact that children attending full-day programmes pay the entire daily fee even if they stay less than 6 hours/day.

The TaxBEN model takes fully into account the reduction of childcare fees described in Section 5.2. These reductions are applied to the average cost of full-time programmes listed above.

5.2. Childcare benefits

Variable name: **[cc_benefit]**

The OCED TaxBEN methodology defines as 'childcare benefits' any income support measures for parents of pre-school children that depend *explicitly* on the use of centre-based childcare services. In other words, a family that does not use centre-based childcare services is NOT eligible for this type of income support.

5.2.1. Reductions of childcare fees and free provision

Slovenia provides reductions of childcare fees to parents or guardians of children under 18 years who legally reside and live in Slovenia. These reductions are based on nine income brackets (Table below).

As of September 2021, parents who have two children enrolled in a kindergarten at the same time do not pay fees for the younger child. Parents are exempted from the kindergarten fee also for the third and each subsequent child from the same family, regardless of their age and of whether the younger child attends the kindergarten at the same time as his / her sibling. For instance, a family with two children aged 3 and 4, both enrolled in a kindergarten, pays the childcare fees only for the 4-year-old. A family with three children aged 3, 10 and 18 respectively, where the 3-years-old attends the kindergarten, does *not* pay childcare fees.

Slovenia does not provide additional targeted reductions of childcare fees for recipients of unemployment benefits (Section 2) and/or financial social assistance (Section 3). If one or both parents are currently out of work receiving these benefits, the amount of childcare fees will depend on their economic financial status, as for any other family. For instance, if both parents are not working and do not have other wealth or assets, then they are in the first income bracket for childcare fee reductions (see table below), which

[19] The difference in the fees for full time and part time programmes is mainly driven to the lower meals costs as the other 'fixed' costs are nearly the same.

means that they do not pay for the kindergarten.[20] However, because public kindergartens are founded by the individual municipalities or local communities, each municipality can apply further local discounts for particularly family situations.

Income brackets for 2023 childcare fee reductions

Income bracket	Average net monthly income *per family member*	Payment (% of the program price)
1.	to 221.46	0%
2.	from 221.47 to 369.11	10%
3.	From 369.12 to 442.94	20%
4.	from 442.95 to 516.76	30%
5.	from 516.77 to 652.12	35%
6.	from 652.13 to 787.44	43%
7.	from 787.45 to 1008.93	53%
8.	from 1008.94 to 1218.08	66%
9.	from 1218.09	77%

Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities. The information is also available online via this link.

The average per capita net monthly income is calculated by dividing the annual *net* household income – which is calculated as the sum of the relevant gross incomes of the family members less any associated income tax and social security contribution payments – by the number of all family members, and by 12 (to obtain the average monthly amount).

The incomes considered in the means test include:

- Earnings from employment as well as other labour incomes
- Unemployment insurance (section 2.1)
- Financial Social Assistance (Section 3.1) and the Supplementary Allowance (annex)
- The child benefit (Section 4.1) enters the net income calculations in the same way as it enters the financial social assistance and the housing benefit calculations (Section 3.1.4 for details).
- State scholarships
- Old age pensions.

The following incomes are NOT included in the means test:

- Housing benefit (Section 3.2)
- Large family allowance (section 4.1)

Assets are also considered. First the value of assets determined is be reduced by EUR 20,250.72. Then the income of persons is increased by a fictively determined income, namely in the amount of annual interest calculated on the value of assets, which are considered according to the Exercise of Rights to Public Funds Act, 2010 and subsequent amendments, on the day of the submission of application. The average annual interest rate for households for time deposits from 1 to 2 years for the year prior to the year when the application is submitted according to the Bank of Slovenia's information shall be considered.[21] If the data on interest rate are not available during the

[20] Assets enter the calculation of the net monthly income following the same rules that apply for the means test of financial social assistance (see section 3.1 for details).

[21] The value of average interest rate for Reductions of childcare fees ("pravica do znižanega plačila vrtca") requests submitted in 2022 was 0,23 % (from 26 February 2022 onwards, the value is 0,17%).

submission of the application, then the considered data are for the year before the previous year.

Municipalities may further reduce kindergarten fees to be paid by parents. Municipalities can decide to reduce kindergarten fees in two ways: 1) they grant benefits to all parents equally, for example, they reduce by 10 percent the payment for all parents; 2) they define their own criteria under which the reduced parental payment applies. For example, a reduced payment can apply to parents with a housing loan for the purchase of a dwelling in the municipality.

OECD note: The TaxBEN calculations do not consider the possibility of further reductions in the kindergarten fees made by local authorities.

5.2.2. Childcare allowances for formal centre-based care

In Slovenia there are no childcare allowances paid directly to parents whose eligibility is conditional on the use of centre-based childcare.

5.2.3. Child care allowance for children NOT using child care centres

Variable name: **[HOMECARE]**

See Section 4.1.2: if a pre-school child does not attend kindergarten, the amount of the child benefit is increased by 20%. This 20% increase is paid for children aged under 4.

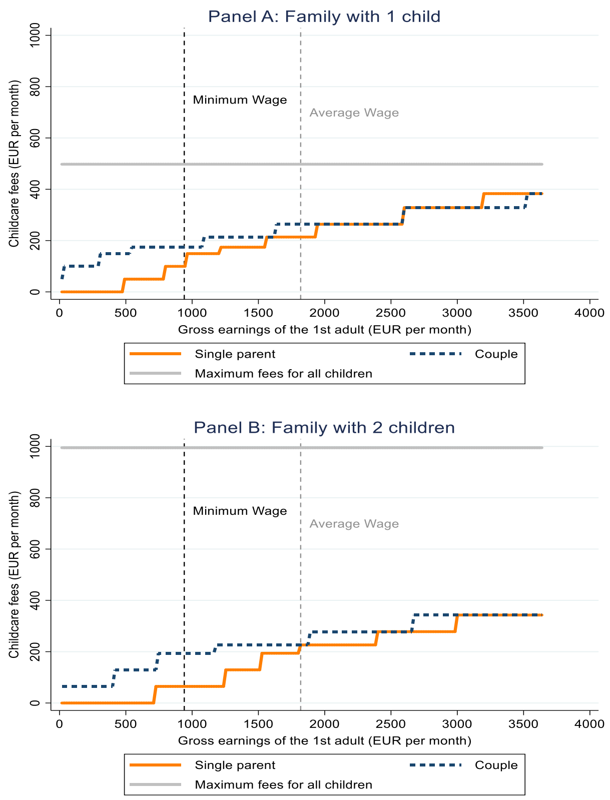
OECD note: this ‘home care’ allowance is considered as a family benefit and is therefore included in the TaxBEN macro variable **[FB]**.

5.2.4. Tax concessions for childcare expenditures

In Slovenia, childcare costs cannot be used to reduce the tax liabilities of parents who purchase childcare services.

Figure 10. Childcare fees paid by parents

40-year-old single person or couple with children



Note: Both parents are working full time and use public childcare for all children for the full day. In a couple, the second adult earns 67% of the average wage. Horizontal axis shows gross earnings of the first adult only. Results assume no receipt of unemployment benefits, family benefits, social assistance benefit, housing benefit or any other benefits that are usually included in the means test for calculating childcare fees. Children are 2 and 3 years old. The full (maximum fee) per child is equal to the average childcare fee in the country. Results take into account discounts provided at the national level based on net family income and number of siblings in the family. The 3rd and any subsequent child is fully exempt from childcare fees. Local discounts are not taken into account.
Source: OECD Tax-Benefit Model.

6. Employment-conditional benefits

OECD note: This section provides information on employment-conditional ("in-work") benefits for employees, i.e. benefits whose eligibility is conditional on the following key requirements: 1) being regularly employed (in either the private or public sector); 2) working a certain number of hours and/or earning more than a certain minimum. This definition notably excludes 'workfare' programmes and related 'work-first' policies that make out-of-work benefits conditional on participation in work activities.

This section provides information also on *one-off* and/or *temporary* payments for benefit recipients who are out of work and make a transition into employment. These type of benefits are referred to as *transitional "into-work" benefits* in order to differentiate them from the "regular" in-work benefits that do not have any predefined maximum duration after moving into work.

Based on this definition, Slovenia does not have an "in-work" benefit programme. However, in Slovenia there are two temporary 'into-work' benefits for unemployment benefit recipients who take up employment while receiving unemployment benefits.

According to the OECD tax-benefit model methodology, these benefits are included in the same variable as the main benefits to which they are linked (UB in the case of Slovenia).

7. Social security contributions and payroll taxes

7.1. Social security contributions

Variable names: `[SOCSEC_p; SOCSEC_s; SSCR_p; SSCR_s]`

As of January 1st 2023, there are four compulsory social security insurance schemes in Slovenia:

- pension and disability insurance.
- health insurance.
- unemployment insurance and
- maternity leave insurance.

Persons liable to pay contributions are insured individuals (including employees, the self-employed, farmers, and others), employers and other persons.

In general, both employers and employees pay compulsory social security contributions.

The calculation base for employee social security contributions is made by gross wages and salaries (with no limitations), plus other income from employment (such as vacation payments, fringe benefits and remuneration of expenses related to work above a certain threshold) and income from benefits assimilated to salaries (such as income from unemployment benefits). The calculation base for the employer social security contributions is the same as for the employees.

The system of health insurance is divided into compulsory health insurance, voluntary health insurance for additional coverage, and insurance for services that are not a constituent part of compulsory insurance.

The pension and disability insurance system covers:

- compulsory pension and disability insurance based on the intergenerational solidarity.
- compulsory supplementary pension insurance (occupational pension insurance);
- voluntary supplementary pension insurance on the basis of personal pension savings accounts.

Compulsory social security contributions are deductible from income for the purposes of income tax (see Section 8).

Employee social security contribution rates are as follows (2023 rates):

Pension insurance	15.50%
Health insurance	6.36%
Unemployment insurance	0.14%
Maternity leave	0.10%
Total	**22.10%**

As of 2013, there is a wage floor for the calculation of employee social security contributions. In 2023, the wage SSC floor is calculated as 60% of the statutory average gross wage for the previous year. The monthly average gross wage used for the 2023 wage floor calculation is equal to EUR 2023.92, which implies a wage SSC floor of 2023.92*0.6=EUR 1214.35. For part-time employees, the SSC floor is calculated proportionally to the number of working hours, e.g. multiplying the full-time wage floor by 0.5 in case of 20 hours of work.

The related minimum SSC contribution for full time employees with gross monthly wages equal or below EUR 1214.75 is equal to: 22.1%* 60% of AW = EUR 268.36 / month (3220.32 per year).[22]

Employer social security contribution rates are as follows (2023 rates):

Pension insurance	8.85%
Health insurance (including insurance against injuries at work)	7.09%
Unemployment insurance	0.06%
Maternity leave	0.10%
Total	**16.10%**

For earnings below the wage SSC floor (EUR 1214.35 in 2023), employer pay the employer contribution rate plus the employee contribution rate calculated as the difference between actual earnings and the wage SSC floor.

Self-employed individuals are obliged to pay social security contributions (SSC) on the basis of their profits. They are obliged to pay SSC on a monthly basis and there is no consolidation on a yearly level. The base for social security contributions for the self-employed is profits made in previous year reduced by 25%. If the self-employed person makes a loss or a profit (reduced by 25 %) that is less than the 60 % of average wage (AW), then they have to make a minimum contribution based on 60 % of the AW. The maximum insurance (contribution) base is 350% of the AW. Self-employed individuals can opt to pay their SSC at a higher insurance (contribution) base than the one calculated on the basis of their profit but no higher than the amount equal to 350% of the AW. The contributions rates for the self-employed are as follows (2023 rates):

Pension insurance	24.35%
Health insurance (including insurance against injuries at work)	13.45%
Unemployment insurance	0.20%
Maternity leave	0.20%
Total	**38.20%**

Those fulfilling the requirements for the old-age pension do not pay social security contributions.[23] If a pensioner takes up employment, then he or she becomes an employee and has the same position as all other workers, regardless of the age. This means that contributions are paid from his salary in the same way as for other employees. There are no special benefits because he or she is older or a 'reactivated' pensioner. However, if employers hire a person above 60 years of age, they pay only 70 % of the employers SSC for pensions; and if the person is eligible for the early pension (i.e. they are at least 60 years old and have at least 40 years of contributions), they pay only 50 % of employers SSC for pensions.

OECD note: Calculations for self-employed persons and retirees are outside the standard scope of the OECD tax-benefit model.

[22] The series of statuary average gross monthly wages for all years is available from this website. The wage value that enters the calculation of the SSC floor depends on the selected period of the calendar year. From 01/01 to 28/02, the relevant wage value is based on preliminary estimates, as official statistics for the average wages in the previous year are not yet available. From 01/03 to 31/12, the relevant wage for the SSC floor is the final estimate of the average gross wage of the previous year. The TaxBEN calculations use the final official estimates when possible.

[23] Those receiving an old-age pension pay 'artificially' for the compulsory health insurance. In practice, the Pension Fund (ZPIZ) calculates an 'artificial' contribution that is equal to 5.96% of the gross old-age pension. This amount is transferred to the Health Fund (ZZZS). Note that the gross old-age pension amount is not reduced by this 5.96%. The amount of the contribution that ZPIZ pays to ZZZS comes from the pension fund.

8. Taxes

8.1. *Personal income tax*

Variable name: **[IT_p; IT_s]**

8.1.1. Tax unit

The tax unit is the individual.

8.1.2. Tax base

Personal income tax is levied on six categories of income: income from employment, business, basic agriculture and forestry, rental and royalties, capital (interest, dividends and capital gains) and other special incomes. Note: unemployment insurance benefits (Section 2.1), partial unemployment benefits (Section 2.1.7), and the 'into work' benefit (Section 6.1) are assimilated to employment incomes and are therefore part of the tax base.

The tax base considered in the OECD calculations includes, where applicable, the following income components: labour income, unemployment insurance (Section 2.1), partial unemployment benefit (Section 2.1.7), in-work benefit (Section 6), old-age pension and invalidity insurance.

8.1.3. Reduction to the tax base

In 2023, the following reductions apply:

- Employee's compulsory contributions for the social insurance system are deductible for income tax purposes.
- General (basic) allowance of EUR 5,000 in 2023 for all resident taxpayers. There is an additional allowance for resident taxpayers with incomes below EUR 16,000.00. In this income range, the total allowance (including the basic allowance for all resident taxpayers) is calculated by the following equation: 5,000 + [18,761.40 – 1.17259×total income], where EUR 5,000 is the general (basic) allowance, whereas the formula in brackets is the additional allowance for low earners.
- Family allowances granted to residents with dependents:
  - EUR 2,698.00 for the first dependent child.
  - EUR 2,933.00 for the second child.
  - EUR 4,892.00 for the third child.
  - EUR 6,851.00 for the fourth child.
  - EUR 8,810.00 for the fifth child.
  - for the sixth and subsequent children the allowance is higher by EUR 1,959.00 in relation to the amount of the allowance for the previous dependent child.
  - EUR 9,777.00 for a dependent child who requires special care.
  - EUR 2,698.00 for any other dependent family member.

The family allowance for a dependent child in the tax year can be granted to one parent only, though any unused allowance can be transferred to the other parent. Parents can transfer to the other partner only multiples of the *monthly* family allowance.

OECD note: for two earner couples, the TaxBEN model assumes that the parents choose the monthly split that minimises the overall income tax liability at the family level. Box 1 provides an example of optimal split between the two partners.

The allowance for another dependent family member can be claimed in respect of a dependent spouse who is not employed and performs no business activities, has no income of his or her own or has an income which is less than the level of the special allowance for a dependent family member (EUR 2,698.00 in 2023). This allowance can also be claimed in respect of a separated or divorced spouse, if they have been granted the right to maintenance from the taxpayer under a court order or other agreement. (Note that this last scenario is not simulated by the TaxBEN model).

There are also a number of non-standard tax reliefs (not included in the TaxBEN model):

- Tax allowance for persons with disabilities of EUR 18,188.61
- Reimbursement of expenses associated with work, such as in-work meals, transport to and from work, in-the-field supplements (per diem when an employee works outside his or her working place) and compensation for being away from home, are exempt subject to statutory conditions and upper limits.
- Tax allowance for voluntary supplementary pension insurance. Premiums paid by a taxpayer or their employer up to a maximum of 24% of compulsory contributions for pension and disability insurance paid by a taxpayer or EUR 2,903.66 can be deducted in 2023.
- Tax allowance of EUR 3,500.00 for income earned by pupils or students for temporary work done on the basis of a referral issued by special organizations dealing with job-matching services.
- Tax allowance of EUR 1,500.00 for taxpayers older than 70 years.
- Tax allowance of EUR 1,300.00 for taxpayers younger than 29 years old and receiving income from employment (included in TaxBEN model).
- Tax allowance of EUR 1,500.00 for taxpayers engaged in protection and rescuing tasks continuously for 10 years.

Box 1. Calculation of the taxable income for a two earner couple with two children

Values in EUR / year

	Adult 1	Adult 2
Gross earnings from employment [1]	18947	12697
Social Security contributions [2]	4187	2806
Basic allowance [3]	5000	5000
Basic allowance (additional amount for low earnes) [4]	0	3873
Allowance for dependent spouse [5]	0	0
Taxable income before the family allowance [6] =[1]-[2]-[3]-[4]-[5]	9760	1018
Family tax allowance [7]	5631	0
Final Taxable income [8]=[6]-[7]	4129	1018

The total family allowance for a family with two children is EUR 5631. One of the optimal splits, among the others, is the full allocation of the allowance to the main earner. Note that the same result, in terms of minimisation the overall family income tax liability, would be achieved allocating 10 or more months of the family tax allowance to the first adult and the rest to the second adult.

8.1.4. Personal income tax schedule

The tax schedule for the year 2023 is as follows:

Income band (EUR)	Rate
up to 8 755.00	16%
8 755.00 to 25 750.00	26%
25 750.00 to 51 500.00	33%
51 500.00 to 74 160.00	39%
above 74 160.00	50%

8.1.5. Tax credits

There are the following income tax credits (not included in the standard TaxBEN model):

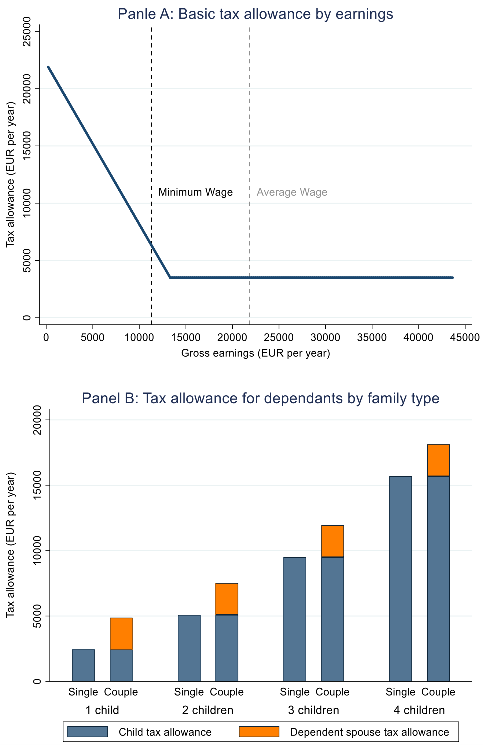
- 13.5% of the old age pension amount (note: the reference value for the calculation of the tax credit is the gross amount of the old-age pension *after* the application of minimum/maximum amounts – when relevant).
- 13.5% of the compensation received from compulsory disability social insurance as disabled worker.

8.2. Regional and local income tax

There are no regional or local income taxes.

Figure 11. Maximum tax allowances

40-year-old single or couple with or without children



Note: The figure shows the maximum amounts of tax allowances that a person is eligible to. The actual amount of allowances that a person can use is limited by taxable income (not shown in the figure).
In Panel A, basic (general) tax allowance does not depend on family structure, but it decreases with earnings. In Panel B, family tax allowance for dependent children and dependent spouse does not depend on earnings, but it depends on family structure. In a couple, the spouse is assumed to be out of work.
Source: OECD Tax-Benefit Model.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Slovenia 2023 (Figure 12). TaxBEN by default produces the following output: 1) net household incomes (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (e.g. a lone parent working at different earnings levels with two children aged 4 and 6 respectively – users are free to select many of these circumstances). The model and the related web calculator is accessible from the project website. Figure 12 shows outputs for four scenarios:

- By gross earnings (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the following household income components: **GROSS** = gross earnings; **SSC** = social security contributions; **IT**= income tax; **FB** = family benefits; **HB** = Housing benefits; **SA** = social assistance / Guaranteed minimum income benefits; **IW** = in-work benefit. Note that these components may be the result of the aggregation of more than one benefit into a single component. Please refer to the table of content to see the benefits included in each category.

Results in Figure 12 refer to a 2-adult family with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefits are assumed to be available in all the four scenarios when the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes that one adult family member (so-called 'spouse' using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (so-called 'principal') is employed full-time and full-year at different earnings levels. When earnings of the first adult are zero this person is assumed to be out of work but not receiving unemployment benefits (again, e.g. because they have expired), instead claiming social assistance or guaranteed minimum income benefits, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a 'long' employment record of 264 consecutive months before the job loss. The horizontal axis in Panel B measures the time of benefit receipt, starting from the first month. The horizontal axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D consider the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

TaxBEN assumes the following logical sequence of benefit claims: 1) Unemployment Insurance (Section 2.1)/In-work benefit (Section 6), 2) Family benefit (Section 4.1), 3) Social Assistance (Section 3.1), 4) Housing Benefit (Section 3.2).

Figure 12. Selected output from the OECD tax-benefit model

Couple with two children.

Note: See section 9 for details on the calculations.
Source: Calculations based on the OECD tax-benefit model 2023.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Slovenia that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Supplementary Allowance *(varstveni dodatek)*

Eligibility conditions

The primary target groups are for the Supplementary Allowance are:

- Elderly persons (women older than 63 and men older than 65) economically inactive.
- Those who are permanently unemployable or permanently incapable for work (independently of their age).

OECD note: as the (standard) TaxBEN model focuses on the working-age population and assumes that adults have full work capacity, the Supplementary Allowance is not included in the calculations.

The eligibility conditions for the Supplementary Allowance are the same as those for the Financial Social Assistance benefit (Section 3.1).[24]

The income eligibility threshold for entitlement to the Supplementary Allowance is the sum of the minimum income for a single person or family, plus the relevant amount of Supplementary Allowance. On 1st January 2023, the income eligibility thresholds were:

- EUR 620.18 (1.47 times the Basic Minimum Income) for a single person or the first adult in the family;
- EUR 767.84 (1.82 times the Basic Minimum Income) for a family of two persons, in which only one member qualifies for Supplementary Allowance. For elderly persons (as defined above), eligibility for the Supplementary Allowance is defined only in terms of the age of each adult, whereas for permanently unemployable or permanently incapable for work, it is defined independently of their age.
- EUR 966.13 (2.29 times the Basic Minimum Income) for a family of two persons, in which both members are eligible for the Supplementary Allowance (as defined in the previous paragraph).

For families with children, the thresholds above are increased by EUR 46.41 (0.11 times the Basic Minimum Income), independently of the number of children in the family.

Benefit amount

The Supplementary Allowance is equal to the difference between the income eligibility threshold of the Supplementary Allowance (listed above) and, depending on the circumstances:

[24] The conditions apply mutatis mutandis. For example, persons receiving the Supplementary Allowance are considered unable to work and are not required to be registered as jobseekers. Similarly, while for FSA the obligation of children to support their parents is not checked, for SA it is a mandatory condition to check whether the children are supporting their parents and in what amount. This amount of alimony is considered income.

- the maximum amount of the Financial Social Assistance benefit (Section 3.1).

- the reference household income, when the household income is above the income eligibility threshold for the Financial Social Assistance benefit (Section 3.1)

For instance, in 2023, a single person without any other incomes and properties would receive Financial Social Assistance for 421.89 EUR/month, and a Supplementary allowance of EUR 620.18 – 421.89 = 198.29 EUR / month (i.e. 0.47% of the Basic Minimum Income). Similarly, a person with an income from work (or a pension) of EUR 500/month would *not* be eligible for FSA, *because the reference income would be above the FSA eligibility threshold*, but s/he would receive a Supplementary Allowance of EUR 620.18 – 500 = 120.18 per month.

Means test

Income and assets are considered in the means test in the same way as for the Financial Social Assistance benefit (Section 3.1). The old age pension is included in the reference income. The housing benefit (section 3.2) and the allowance for large families (section 4) are excluded.

Persons who are in full-time institutional care in a social welfare institution are not entitled to the Supplementary Allowance (Social Assistance Payments Act, 2010 and subsequent amendments).

Tax treatment

The Supplementary allowance is not taxable.

Interaction with other components of the tax-benefit system

The Supplementary Allowance is an independent programme with respect to the Financial Social Assistance (Section 3.1): If a person is not entitled to FSA, he or she may still be entitled to the Supplementary Allowance if the relevant statutory conditions are met. More generally, it is possible to receive the Supplementary Allowance together with all other benefits described in this report.

Combining benefit receipt and employment/starting a new job

Combining benefit receipt and employment is possible. However, earnings are included in the income definition of the means test. There are no specific/additional financial incentives for recipient of Supplementary Assistance who takes up new employment (e.g. earnings disregards in the means test of the Supplementary Assistance).

Extraordinary financial social assistance *(izredna denarna socialna pomoč)*

Extraordinary Financial Social Assistance is granted in exceptional circumstances only, when a person finds him or herself in a situation of temporary material deprivation, caused by extraordinary living expenses that he or she cannot cover with his or her own income. It is awarded on a discretionary basis.

The monthly amount of Extraordinary Social Assistance cannot exceed the amount of Basic Minimum Income for that family type, while the amount of one-off Extraordinary Assistance in one calendar year cannot exceed the amount of five Basic Minimum Incomes, from which three can be granted only for extraordinary costs incurred due to natural disasters or *force majeure*.

There are also two specific types of Extraordinary Financial Social Assistance:

- Special Extraordinary Financial Social Assistance after the Death of a Family Member (*posebna oblika izredne denarne socialne pomoči po smrti družinskega člana* - *posmrtnina*)
- Special Extraordinary Financial Social Assistance for Covering Funeral Expenses (*posebna oblika izredne denarne socialne pomoči kot pomoč pri kritju stroškov pogreba* - *pogrebnina*).

The purpose of these two types of extraordinary assistance is to provide financial assistance to relatives of the deceased and to partially cover funeral costs.

Special Extraordinary Financial Social Assistance after the Death of a Family Member and Special Extraordinary Financial Social Assistance for Covering Funeral Expenses are one-off payments payable to those who are entitled to Financial Social Assistance in the event of death of their spouse, cohabitant, child, stepchild or parents and who are fulfilling the conditions for receiving Financial Social Assistance. The Special Extraordinary Financial Social Assistance after the Death of a Family Member equals 100% of the BMI (which is EUR 421.89). The Special Emergency Financial Social Assistance for Covering Funeral Expenses equals 200% of the BMI (i.e. EUR 843.78), but cannot exceed the actual costs of the funeral.

Partial payment for lost income

Partial payment for lost income is a personal benefit that is paid to one of the parents of a child with severe problems with mental development or a severe disability relating to mobility who has terminated their employment or started to work part time in order to care and safeguard the child. The monthly amount of partial payment for lost income is minimum wage from 1/7/2021. This payment is subject to income tax and social security contributions.

Special Child Care Allowance for children in need of special care

This is an additional allowance of EUR 107.42 per month. For a child with severe disturbances in mental development and children with severe disability in movement, who need special care, the allowance is EUR 214.84. The Special Child Care Allowance for a Child in Need of Special Care is not taxed.

Subsidies for snacks and lunches for pupils and students until upper-secondary school

A food subsidy is granted for a period of one school year to pupils and students up to the upper-secondary school.

Pupils are children attending primary or lower-secondary education. the Basic School Act stipulates that parents must enrol their children in the first year of primary school if they reach the age of 6 in the calendar year in which they start school, and that compulsory basic education [primary and lower secondary] lasts for nine years. Because TaxBEN assumes that children are born on the 1st of January, a child of 6 years old is assumed to be enrolled in primary education. As a result, a child in the TaxBEN model attends basic compulsory education until the age of 14 (included).

Upper-secondary students are those aged between 15 and 19 years.

The following children are entitled to a *full* snack subsidy:

- Pupils in families whose average monthly income per person, determined in a valid decision on child allowance or state scholarship, does not exceed € 591.22.

- Students in families whose average monthly income per person, determined in the decision on child allowance or state scholarship, does not exceed € 468.50 euros (up to and including the fourth class of child allowance).
- Pupils and students placed in a foster family on the basis of a decision to place a child in a foster family.
- Pupils and students who are asylum seekers.
- Pupils and students who are placed in institutions for the upbringing and education of children and adolescents with special needs or in homes for pupils and attend school outside the institution.

The following children are entitled to a *partial* snack subsidy:

- Students (who are in full-time education and registered for the partial snack subsidy) in families in which the average monthly income per person determined in the valid decision on child allowance or state scholarship is:
    - Between € 468.51 and € 591.22 (fifth class of child allowance), in the amount of 70% of the price of the snack.
    - Between €591.23 and €713.91 euros (sixth class of child allowance), in the amount of 40% of the price of the snack.

The following children are entitled to a *full* lunch subsidy:

- Pupils whose average monthly income per person, determined in a valid decision on child allowance or state scholarship, does not exceed € 401.58 euros are entitled to full lunch subsidy.

Box A.1. Mandatory costs for pupils and students attending schools up to upper-secondary education

Average costs of snacks for pupils
- The price of snacks is determined by a decision of the Minister responsible for education, as a rule, for each school year.
- In the school year 2020/21, the price of snacks for pupils (basic school) is 0.80 EUR.

Average costs of lunches for pupils
- Lunch prices for pupils are set by the schools themselves; individual schools also offer lunches at several different prices, according to our information up to 4 different prices. The average amount of (subsidized) lunch for pupils in the school year 2020/21 is 2.49 EUR.

Average costs of snacks for students in upper-secondary school
- The price of elevenses is determined by a decision of the Minister responsible for education, as a rule, for each school year.
- In the school year 2020/21, the price of elevenses for students in upper-secondary school is 2.42 EUR

Other subsidies for students in upper-secondary education

This section describes other subsidies for students in upper secondary education. Please note that some of these subsidies, as well as other types of subsidies, are available also for students in tertiary education. However, because subsidies for students in tertiary education are outside the scope of this report they are not described in this section.

Subsidies for dormitory accommodation for students in upper-secondary education (*dijaški domovi*): if two or more children from the same family stay in dormitory accommodations, the second and subsequent child stays in a dormitory free of charge. The subsidized stay is not linked to the financial situation of the family from which the children come and in the school year 2022/2023 it amounts to EUR 232.81

per month per child. The amount of the subsidy for living in a dormitory is determined each year by a decision of the minister responsible for education.

Subsidized public transport tickets for students in upper-secondary (and tertiary) education: Students (in upper-secondary and tertiary education) are entitled to purchase subsidized public passenger transport tickets (bus, rail and urban transport) if his / her residence is at least 2 km away from the place of education.

The amount of the ticket price paid by the beneficiary depends upon the length of the distance of place of the student's residence to the educational institution he/she attends.

The payment of the beneficiary for the subsidized ticket is determined according to the distance class classification:

- 1st class of a distance - the beneficiary travels at a distance of 2 km up to and including 60 km (price of the monthly ticket: 25 EUR);
- 2nd class of a distance - the beneficiary travels at a distance of more than 60 km up to and including 90 km (price of the monthly ticket: 35 EUR);
- 3rd class of a distance - the beneficiary travels at a distance of more than 90 km (price of the monthly ticket: 55 EUR)

For students in upper-secondary education transportation is subsidized in the period from September 1 to June 30 of the current school year, while for students in tertiary education from October 1 to June 30 of the current academic year. The subsidy is financed by the Ministry of Infrastructure of the Republic of Slovenia.

Exemption from payment of RTV contribution

Those who are receiving Financial Social Assistance or Supplementary Allowance are exempted from paying contribution for national radio and television services which currently amount of €12,75.

Exemption from payment of supplementary health insurance premium

Those who are receiving Financial Social Assistance, and are not at the same time entitled to Supplementary Allowance, are eligible to the full coverage of the health expenses (partly covered by the supplementary health insurance) by means of an exemption of monthly payment of supplementary health insurance premium.[25] The average monthly premium for supplementary health insurance in 2023 amounts to € 35.40. It varies by provider among the three private insurance companies (Triglav € 35.55; Vzajemna € 35,67; Generali € 34.50).

Old-age pensions

Eligibility conditions

Claiming the old age pension requires being 60 or older and having an insurance period, which is more precisely called “insurance period without purchase”, of at least 40 years. Alternatively, one can claim the old age pension at age 65 with at least 15 years of insurance period.

[25] The right to cover the difference up to the full value of the health services is covered by the state budget when a health event occurs (illness, injury, etc.) and therefore does not cover the monthly premium for supplementary health insurance. Those eligible to the full coverage of the health expenses do not have to pay a monthly supplementary health insurance premium.

Early pension scheme (*predčasna pokojnina*). It is possible to purchase up to 5 years of insurance and retire after a shorter working period. The purchased contributions do not relax the age requirements, which means that one can claim the early pension only if s/he is at least 60 years old.

Benefit amount

Pension entitlements require at least 15 years of contributions. As of 2023, the old-age pension is calculated for women and men as 29.5% of the Pension Rating Basis (*pokojninska osnova*) (PRB), plus 1.36% of the PRB for any additional year beyond the first 15 years. Once eligibility conditions to pensions of age 60 with 40 years of pensionable service without purchase are met, continuing to work generates an annual accrual rate of 3% for the first three years instead of 1.36% for women and men. Accrual rates for men and women are equalized from 2023. The PRB is calculated using the best 24 consecutive years of net wages (after 1970). Past net earnings are uprated with the growth of nominal net wages.

Those who fulfil the eligibility requirements thanks to purchased insurance periods (so-called “insurance period with purchase”) can access the early pension scheme (*predčasna pokojnina*), which is calculated as a normal old age pension but with a permanent reduction of 0.3% for each month of early retirement (3.6% for each year) before the age of 65 (capped at 18% in total).

Minimum and maximum amounts: The minimum pension is equal to 29.5% of the gross minimum PRB, which in 2023 was equal to EUR 1.061,17. The monthly minimum monthly pension in 2023 is EUR 310,11. The maximum pension amount is four times the gross minimum PRB, i.e. EUR 4.099.

As of 2017, there is a guaranteed pension (*zagotovljena pokojnina*) for those who fulfil the minimum requirements for the old age pension, i.e. 60 years of age and 40 years of contributions without purchased periods.[26] In 2023, the monthly guaranteed pension amount was EUR 687.75.

Tax treatment

All pensions and cash payments from invalidity insurance are subject to the income tax. General taxation rules apply (Section 8). Residents receiving an old-age pension are entitled to an income tax credit equal to 13.5% of the pension assessed under compulsory pension and invalidity insurance.

Social security contributions for compulsory health insurance are equal to 5.96% of the gross pension amount. However, this contribution is *not* deducted from the gross individual pension. The amount is computed by the Pension and Invalidity Insurance Institute of Slovenia and transferred to the Health Insurance Institute of Slovenia *as if* it was paid from individual pensions. Hence, pensioners are de-facto exempted from social security contributions payments.

[26] Fulfilling only one of the eligibility conditions is not enough to access the guaranteed pension. For instance, a person of with less than 40 years of qualifying period will *not* have access to the guaranteed minimum pension even if s/he meets the age requirement. Note that a person with at least 60 years with less than 15 years of qualifying period (with/without purchase) will *not* be entitled to either the guaranteed minimum pension or the minimum pension. They will not receive any old-age pension benefits, but they may qualify for Financial Social Assistance or Supplementary Allowance if the relevant eligibility criteria are met.

Combining benefit receipt and employment/starting a new job

It is possible to partially cumulate old age pensions and earnings. The fraction of the old age pension that can be cumulated with earnings is calculated as follows. Note that the calculations should consider the minimum and maximum pension base, as well as the amount of the guaranteed pension.

- Rules for full time workers. Those who fulfil the eligibility conditions for the old age pension (see above) and work full time (i.e. at least 40 hours per week) receive 40% of their old age pension for the first three years of employment (20% from the fourth year onwards). This implies a mandatory deferral of 60% or 80% of the old-age pension. The same rules apply either if the person continues to work full-time after having fulfilled the eligibility conditions for an old-age pension, or if the person re-join full-time employment after having retired. Those receiving an early pension (*predčasna pokojnina*), i.e. those with at least 60 years who reached 40 years of insurance thanks to purchased insurance periods, cannot benefit from the "partial payment of pensions".

- Rules for part-time workers ("Phased retirement programme"). Those who fulfil the eligibility conditions for an old-age pension and work part time receive a pension amount calculated as the sum of the following two components:

- The first component is proportional to the reduction of working hours compared to full time. For instance, those working 30 hours a week have a 10-hour gap with respect to full time work (40 hours / week), which means that they receive 25% of the acquired old-age pension.
- The second component is equal to the acquired old-age pension multiplied by the amount of working hours (expressed as a percentage of full-time work), and by the share of the pension that one can receive if working full time (i.e. 40% during the first three years). For instance, those working 30 hours per week (i.e. 75% of full time) can receive 40%*75%=30% of their old age pension. This second component is paid only to those working at least 20 hours per week (i.e. at least 50% of full time).

Percentage of the accrued pension that can be cumulated with earnings as a function of the working hours

WORKING HOURS (WEEK):	**10**	**15**	**20**	**25**	**30**	**35**	**40**
FULL TIME WORK							40
PART TIME WORK							
- FIRST COMPONENT	75	62.5	50	37.5	25	12.5	
- SECOND COMPONENT	0	0	20	25	30	35	
TOTAL	**75**	**62.5**	**70**	**62.5**	**55**	**47.5**	**40**

Pensioners who work cumulating the old age pension with earnings pay income taxes and social security contributions on their incomes based on the rules described in Sections 7 and 8. As described in the "tax treatment" section above, old age pensions are taxable in Slovenia, but a tax credit reduces income tax liabilities for this type of income (see section 8 for details). In addition, pensioners do not pay social security contributions on their pension entitlements. As a result, pensioners who work cumulating the old age pension with earnings pay social security contributions only on their earnings, but not on their old-age pension entitlements.

NATIONAL SCOLARSHIPS - list of income limits and amounts of scholarships for the years 2005-2022 (without supplements)

- Scholarship amounts are paid to each eligible student of the family. This means that if there are two students in the family, both receive the state scholarship.
- Eligible students are those who are enrolled into upper-secondary or tertiary education and regularly attend school. Most upper-secondary students start the upper-secondary education at the age of 14.
- Scholarships Supplements (e.g. for students with a disability or with outstanding marks) are not modelled.
- The income eligibility thresholds in the tables below refer to the *net income per family member*. This means that income tax liabilities and social contributions are subtracted from the sum of the relevant family incomes, and the overall amount is then divided by the family size.
- The following incomes are included in the means test:
  - Earnings and other incomes from work.
  - Unemployment insurance (section 2.1).
  - Old-age pension (annex).
  - Financial social assistance (section 3.1) and supplementary allowance (annex).
  - The child benefit (Section 4.1) enters the calculations in the same way as it enters the financial social assistance calculations (Section 3.1.4 for details).

  The following incomes are NOT included:

  - Housing benefit (section 3.2).
  - Allowance for large families (section 4)

The TaxBEN model uses the following table for the **2005-2011** calculations:

Year	Income eligibility threshold (to be compared with the Net household income per family member)	Monthly amount of scholarship (up to 18 years of age)	Monthly amount of scholarship (only above 18 years of age)
2005	45.56% of gross minimum wage (SIT 52699 / EUR 490.07)	14% of guaranteed wage (Guaranteed minimum wage in 2005: SIT 52699/month)	21% of guaranteed wage (Guaranteed minimum wage in 2005: SIT 52699/month)
2006	45.56% of gross minimum wage (SIT 122600 / EUR 511.60)	14% of guaranteed wage (Guaranteed minimum wage in 2006: SIT 55853/month)	21% of guaranteed wage (Guaranteed minimum wage in 2006: SIT 55853/month)
2007	45.56% of gross minimum wage (EUR 521.83)	14% of guaranteed wage (Guaranteed minimum wage in 2007: 237.73 EUR/month)	21% of guaranteed wage (Guaranteed minimum wage in 2007: 237.73 EUR/month)
2008	45.56% of gross minimum wage (EUR 566.53)	14% of guaranteed wage (Guaranteed minimum wage in 2008: 237.73 EUR/month)	21% of guaranteed wage (Guaranteed minimum wage in 2008: 237.73 EUR/month)
2009	60% of gross minimum wage (EUR 589.19)	36.00 EUR / month	36.00 EUR / month
2010	60% of gross minimum wage (EUR 597.43)	36.00 EUR / month	36.00 EUR / month
2011	60% of minimum wage (EUR 748.10)	36.00 EUR / month	36.00 EUR / month

The TaxBEN model uses the following table for the **2012-2019** calculations:

Income limit class	Income eligibility threshold (to be compared with the Net household income per family member)	Monthly amount of scholarship (up to 18 years of age)	Monthly amount of scholarship (only above 18 years of age)
1	Up to 30 % of the reference amount*	95	190
2	from 30% to 36% of the net average wage	80	160
3	from 36% to 42% of the net average wage	65	130
4	from 42% to 53% of the net average wage	50	100
5	from 53% to 64% of the net average wage	35	70

* 2012: 991,44 EUR; 2013: 997.01 EUR ; 2014: 1005.41 EUR; 2015: 1013.23 EUR; 2016, 2017, 2018 and 2019: 1030.16.

The TaxBEN model uses the following table for the **2020-2022** calculations:

Income limit class	Income eligibility threshold (to be compared with the Net household income per family member)	Monthly amount of scholarship (up to 18 years of age)	Monthly amount of scholarship (above 18 years of age)
1	Up to 313.37	97.28	194.56
2	from 313.38 till 376.05	81.92	163.84
3	from 376.06 till 438.72	66.56	133.12
4	from 438.73 till 553.63	51.2	102.4
5	from 553.64 till 668.53	35.84	71.68