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**Q**<sub>4</sub>

## **SELA Regional News Q4 2022**

*The SELA regional newsletter features an overview of the most important regional legislative developments recently announced in the jurisdictions of SELA coverage.*

*Many of the changes recently implemented impact the regions' ability to attract foreign investments and related to tax, customs and other investment incentives, illustrating just how strategically important the governing bodies of the region see foreign investment.*

**Local Touch – Regional Reach**

Albania • Bosnia and Herzegovina • Bulgaria • Croatia • North Macedonia • Montenegro • Serbia • Slovenia



## MAIN TAKEAWAYS

### Albania

- Approved regulation on licensing of entities as DLT Stock Exchanges
- Passed amendments to Law on Value Added Tax
- Passed amendments to Law on Tax Procedures

### Bosnia & Herzegovina

- Law on Amendments to the Law on Public Procurement
- Law on Amendments to the Law on Mandatory Health Insurance in Republic of Srpska
- Law on Amendments to the Law on Electricity in Federation of Bosnia and Herzegovina

### Bulgaria

- New Whistleblowers Protection Act
- Amendments to the VAT Act
- Amendments to the Labour Code
- Amendments to the Labour, Migration and Mobility Act

### Croatia

- Amendments to the Value Added Tax Act
- Extra Profit Tax Act
- Double Taxation Avoidance Treaty
- Amendments to the Labor Act

### Montenegro

- No notable legislative developments

### North Macedonia

- No notable legislative developments

### Serbia

- Decision on Fees for Registration and Other Services Provided by the Business Registers Agency



## Slovenia

- Act on emergency intervention to address high energy prices
- Act on support to the economy to mitigate the consequences of the energy crisis
- New Consumer Protection Act
- New Personal Data Protection Act



## Albania

### Approved regulation on licensing of entities as DLT Stock Exchanges

#### MAIN PROVISIONS OF THE LAW

The Albanian Financial Supervising Activity (AFSA) approved the regulation regarding licensing of legal entities as DLT Stock Exchanges in trading cryptocurrencies. Licensing of entities as DLT Stock Exchanges will be based on detailed documentation requirements related to company organization, the business plan and requirements related to reputation and source of capital. Entities licensed as DLT Stock Exchanges shall be prohibited from trading on its own account and trading based on the principle of compliance.

This new regulation determines three categories of DLT stock exchange licenses, as follows: a) Category "A" includes licenses of the centralized and decentralized DLT stock exchange, where only "DT of services, and/or DT of payments, and/or DT of assets can be traded; b) Category "B" includes licenses of the centralized and decentralized DLT stock exchange, where, in addition to the activities listed in category "A", exchanges between FIAT money and/or virtual currencies against DT of services, DT of payment and DT of assets and vice-versa may also be performed; and c) Category "C" includes licenses of the centralized and decentralized DLT stock exchange, where, in addition to the activities listed in category "B", DT of securities can also be traded.

Any entity intending to operate as a DLT stock exchange is required to obtain the relevant license issued by the Commission jointly established by the Albanian Financial Supervising Activity (AFSA) and National Agency of ICT and may only operate during the period of validity of the awarded license.

These entities must establish and maintain a minimum initial capital of 20 million, up to 90 million ALL, depending on the license category they will be granted by the aforesaid Albanian authorities. Capitalization can be met through the entity's own funds or through an insurance company providing professional liability coverage.

#### WHO THE LAW APPLIES TO

All entities licensed as DLT stock exchange to trade cryptocurrencies and exercising their activities in the Albanian capital market.

#### HOW IT AFFECTS YOUR BUSINESS

The new regulation is expected to facilitate the procedures for the licensing legal entities as DLT Stock Exchanges in trading cryptocurrencies.

### Amendments to the Law on Value Added Tax

#### MAIN PROVISIONS OF THE LAW

The Albanian Parliament passed law 82/2022 approving some amendments and changes to the Law no.92/2014 "On Value Added Tax in the Republic of Albania". Commencing from January 1st, 2023 special exemption regarding the VAT on imports will be applicable for the following categories of goods and services: i) goods destined for the implementation of projects financed by funds received on basis of donations/grant agreements entered between the Republic of Albania and foreign donors, provided these agreements determine that said received funds shall not be used for tax payments; ii) the imports of wood and related derivatives; iii) the supply of goods/services, intended for the implementation of projects financed with funds received on the basis of a donation/grant agreements concluded



between the Republic of Albania and foreign donors, provided these agreements set forth that said received funds shall not be used for tax payments.

Moreover, exempted from the VAT on imports shall be the supply of electricity destined to be sold through the Albanian Electricity Stock Exchange.

As regards the supply of electricity traded through the Albanian Electric Energy Stock Exchange, the VAT shall become chargeable at the moment when results of the day's advance auctions are announced on markets within the same day, or at the moment when orders are matched in case of the ongoing market within the same day.

#### WHO THE LAW APPLIES TO

The amended provisions shall apply to all entities involved in the import and trade of the above goods and services.

#### HOW IT AFFECTS YOUR BUSINESS

The amendments are expected to facilitate the tax regime of entities involved in the import and trade of the above goods and services.

## Amendments to Law on tax Procedures

The Albanian government approved Law no. 83/2022 “On some changes and amendments to changes and amendments to law no. 9920 dated 19.05.2008 “On tax procedures in the Republic of Albania”.

#### MAIN PROVISIONS OF THE LAW

Passed amendments introduced several changes to penalties regarding tax obligations and late payments, such as: i) ALL 10000 fine to natural persons and ALL 15 000 fine to legal persons in case of failure

to duly register or update the registration data; ii) ALL 10000 fine to natural persons and ALL 50000 fine to legal persons, applicable for each event of violation, in case of failure to maintain accurate finance books, records and documentation; iii) ALL 3000 fine for tax payers individuals and ALL 5000 fine for failure to timely file any tax declaration; iv) a 10% fine plus the interest for days of delay, but not more than 356 days, applicable over the preliminary corporate tax and over the business personal income tax and self-employment; v) failure to declare the exact salary of employees is punished with a fine of

- 200% of the obligation and contribution calculated for taxpayers' legal entities (previously ALL 200 000),

- 100% of the obligation and contribution calculated for the rest of the taxpayers (previously ALL 50 000)

vi) the fine for recurrences on corporate income tax shall be of ALL 500000 fine (previously ALL 150 000).

Changes have been approved regarding the cash limit amount that tax payers can keep at the beginning of each business day or in case of operator changes. These cash limits will not be applicable to banks and non-bank institutions.

#### WHO THE LAW APPLIES TO

All relevant Albanian taxpayers' natural persons and legal entities.

#### HOW IT AFFECTS YOUR BUSINESS

The elevated level of applicable fines is expected to impact directly on entities and businesses operating in Albania.

## Amendments to Law on excise duty



The Albanian Parliament passed law 81/2022 approving some amendments and changes to the Law no.61/2012 “On excises in the Republic of Albania, as amended.

### MAIN PROVISIONS OF THE LAW

The scope of the approved changes relates to the substitution of Annex 1 of the excise law, containing applicable rates for excise duty products.

Amongst the changes to the applicable rates for excise duty products, the introduction of new Annex 1 to the excise duty law, most notably now excludes preferential treatment of small producers of beer and certain spirits.

More specifically, domestic or foreign producers of beer and of certain spirits, with a total annual output of less than 200 thousand hectoliters of product, benefited from a reduced rate of excise duty.

The approved changes in the applicable excise duty rates shall start to be applied as from, January 1<sup>st</sup>, 2023.

### WHO THE LAW APPLIES TO

The amended provisions shall apply to all entities involved in the import, production and trade of the excise taxable products.

### HOW IT AFFECTS YOUR BUSINESS

If you are a business involved in import, production and trade of the excise taxable products, new excise duty rates shall be applied as from January 1<sup>st</sup>, 2023.

If you are a small producer of beer and of certain spirits, total annual output of less than 200 thousand hectoliters of product, you may no longer benefit from reduced rates of excise duty.

## Bosnia & Herzegovina

### Law on Amendments to the Law on Public Procurement

#### MAIN PROVISIONS OF THE LAW

Adoption of Law on Amendments to the Law on Public Procurement means that Bosnia and Herzegovina has fulfilled one of the four key laws among the priorities for the beginning of its approach to the European Union. The adoption of these changes is one of the main reasons why Bosnia and Herzegovina recently received a recommendation for candidate status for membership in the European Union.

The amendments should ensure that money from the budget collected from taxes from

citizens is spent with the least costs and the most efficient type of procedure, and in the exact time frame. It should also ensure the transparency of the entire procedure so that the public and organizations that monitor public procurement can have insight and notice irregularities.

Despite certain improvements brought by the amendments of this Law, which primarily relate to the segment of conflicts of interest, collusion and transparency, some of the key mechanisms for the prevention and fight against corruption did not find their place in this regulation.

#### WHO THE LAW APPLIES TO

The public procurement procedure refers to the procedures for the procurement of goods,



services or works carried out by a contracting authority or a sectoral contracting authority.

#### HOW IT AFFECTS YOUR BUSINESS

The amendments particularly refer to legal services provided by lawyers or law offices. These services are exempted from the public procurement procedure, but only under certain conditions prescribed.

### Law on Amendments to the Law on Mandatory Health Insurance in Republic of Srpska

#### MAIN PROVISIONS OF THE LAW

One of the more significant innovations foreseen by the Law on Amendments to the Law on Mandatory Health Insurance is that children up to the age of 18, instead of the current 15, will be exempt from paying the co-payment.

In addition, to those suffering from malignant diseases during sick leave, as well as to pregnant women who are on sick leave due to pregnancy care, the salary during temporary incapacity for work will be paid in the amount of 100%, instead of the current 70%. The full amount of salary during sick leave will also be paid to persons who are on sick leave due to the donation of tissues, organs and cells, while until now this percentage was 90%. One of the novelties is the possibility of refunding the net salary during temporary incapacity for work and for insured persons who perform economic, entrepreneurial or professional activities, which was not the case under the previous law.

With the Law on Mandatory Health Insurance, among other things, the area of medicines, medical devices, in vitro fertilization, as well as numerous other areas, is more precisely defined.

#### WHO THE LAW APPLIES TO

Amendments will significantly expand the rights of patients and improve the field of mandatory health insurance, and therefore the health care of citizens.

#### HOW IT AFFECTS YOUR BUSINESS

The law refers mostly to the employers.

### Law on Amendments to the Law on Electricity in Federation of Bosnia and Herzegovina

#### MAIN PROVISIONS OF THE LAW

Legal amendments prohibit the construction of small hydroelectric power plants with an installed capacity of up to and including 10 megawatts (MW).

The new amendments specify that the issuance of energy permits for small hydropower plants, except for those on gravity water mains, will be suspended.

#### WHO THE LAW APPLIES TO

Law applies to the energy sector.

#### HOW IT AFFECTS YOUR BUSINESS

We expect more investments in other renewable energy sectors.



## Bulgaria

### New Whistleblowers Protection Act

The Act's scope is broad, and concerns reports of breaches of the Bulgarian or European law across a broad spectrum, such as: public procurement; employment law; product safety and compliance; public health; consumer protection; food safety; financial services, products and markets and the prevention of money laundering and terrorist financing; privacy and personal data protection; transport security; environmental protection and many others.

#### MAIN PROVISIONS OF THE LAW

In brief, the Act provides for:

- the protection of persons who become aware of breaches **in a work-related context** (i.e. information that has come to their attention in the course of or in connection with the performance of their work or employment duties or in another work-related context) and who wish to report for such breaches with as little risk as possible to them.

Such persons might be current and former employees or workers, trainees, volunteers, partners, shareholders, equity holders, board members, freelancers, jobseekers, etc.

Reports can be submitted also externally to a central authority. In Bulgaria such authority is the Commission for Personal Data Protection.

The Law provides for various measures to protect persons who submit reports.

Who the law applies to

The Law applies to:

- employers in the public sector (except for some municipalities)

- employers in the private sector with 50 or more employees;

- employers whose scope of activity is covered by certain EU acts specified in an annex to the Act, regardless of the number of their employees.

#### HOW IT AFFECTS YOUR BUSINESS

The obliged persons have to establish an internal channel for submitting reports and also the Law impose:

- an obligation to establish internal rules for the purposes of implementing the Act;

- an obligation to designate one or more employees to be responsible for handling reports. Subject to the requirements of the Act, it is possible to assign these functions to a third party.

- an obligation to provide accessible information on the terms and conditions for reporting (including on the websites of the obliged entities, as well as in prominent places within the offices and work premises);

The Act comes into effect on 03 May 2023. Employers in the private sector with more than 50 employees have to comply with the obligation to provide an internal reporting channel until December 17, 2023.

### Amendments to the VAT Act

#### MAIN PROVISIONS OF THE LAW

Up until recently, the VAT Act did not provide a clear mechanism for traders to recover VAT where a receivable has become uncollectible. In several judgments, the CJEU has ruled that this is in breach of the basic principles of VAT legislation.





Therefore, an amendment to the VAT Act has been adopted, which entered into force on 1 January 2023.

## WHO THE LAW APPLIES TO

The law explicitly lists the circumstances under which a receivable will be considered uncollectible, such as:

- repayment of the receivable by operation of law or expiry of 3 or 5 years depending on the limitation period of the receivable;
- a final court decision declaring that the receivable or part of it is not due;
- following unsuccessful enforcement proceedings;
- deletion of the debtor after liquidation or bankruptcy;
- others.

Small receivables - of up to BGN 600 will be considered uncollectible after 365 days from the moment they became due. What are the conditions for the application of the mechanism:

- the supplier has charged VAT by issuing an invoice in accordance with the requirements of the law;
- the supplier can prove that they have taken action to recover the supply receivables;
- the trader proves that they have notified the debtor that they consider the receivable to be uncollectible – this condition applies only if the debtor is VAT registered;

The law also provides for cases in which the mechanism cannot be applied, namely:

- if the supplier and the recipient are related persons;
- if the supplier has assigned the receivable
- where, at the time of delivery, the trader knew that they would

not receive payment. This is presumed if the delivery is illusory, circumvents the law, or is at a price that differs significantly from the market price.

## HOW IT AFFECTS YOUR BUSINESS

This amendment provides for the possibility to reduce the taxable amount of supplies for which the receivables have become uncollectible.

In other words, clear rules are now provided for the refund or deduction of VAT charged on such receivables.

## Amendments to the Labour Code

### MAIN PROVISIONS OF THE LAW

Some amendments to the Bulgarian Labour Code came into force on August 1, 2023. Among the more important are:

- **New probationary period, which is introduced for employees hired for less than one year.** The probationary period in these cases is **1 month**, as opposed to the regular probationary period of 6 months.
- The employee has the right to propose in writing to the employer **a change in the employment contract** (e.g. from a fixed-term contract to an open-ended contract, and from a part-time contract to a full-time contract). If the employer refuses, he must, within one month, provide **a motivated written reply** setting out the reasons for his decision.



- With regard to the right of employees to propose amendments to the employment contract, a special right is introduced for **employees who have to care for a sick relative**. They now could propose relaxations to their working arrangements in order to reconcile family and professional obligations.
- **Parental paid leave of 2 (two) months for raising a child up to the age of 8 (eight)** years is introduced for the **father/adopter**, on condition that he has not taken the other child-related leave provided for in the Labour Code.
- **When introducing a new employee** to the company, the employer must, among other things, acquaint him with:
  - the terms and conditions for termination of the employment contract;
  - information on trainings provided by the employer;
  - the internal rules for labour remuneration.
- **Additional work** - an employer may restrict an employee from working for another employer only if the employee's contract contains such **prohibition on grounds related to the protection of employer's commercial confidentiality and/or the prevention of conflicts of interest**. Thus, from now on, general prohibitions on working for another employer will not be consistent with the law.

#### WHO THE LAW APPLIES TO

These amendments apply to employees hired for less than one year; fathers raising

children up to the age of 8 (eight) that have not taken the other child-related leave provided for in the Labour Code; employees working for more than one employer.

#### HOW IT AFFECTS YOUR BUSINESS

Employers must take these amendments into account in order to avoid sanctions by the General Labour Inspectorate.

### Amendments to the Labour, Migration and Mobility Act

#### MAIN PROVISIONS OF THE LAW

The National Assembly adopted amendments to the Labour Migration and Labour Mobility Act ("LMLMA"), whereby with the final provisions amendments in the Foreigners in the Republic of Bulgaria Act ("FRBA") and in the Health Insurance Act are made.

#### WHO THE LAW APPLIES TO

The amendments aim to simplify the access of highly skilled specialists, third-country nationals, to the Bulgarian labour market and to align the national legislation with European trends for attracting highly skilled workers from outside the EU.

With the amendments the candidates can now prove their high professional qualification, in addition to a university degree, in one of the following ways:

- With an official document proving at least 5 years of professional experience at a level comparable to higher education, related to the positions or sector specified in the foreigner's employment contract – for positions included



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in a list approved by the  
Minister of Labour and Social  
Policy,

or

- With knowledge, skills and qualifications which are certified by an official document for at least 5 years professional experience at a level comparable to that of acquired university education and which are relevant to the positions or sector specified in the employment contract – for positions outside the above hypothesis.

## HOW IT AFFECTS YOUR BUSINESS

### Croatia

#### Amendments to the Value Added Tax Act

##### MAIN PROVISIONS OF THE LAW

Amendments to the Value Added Tax (VAT) Act, which entered into force on 1 January 2023, aim to harmonize Croatian VAT legislation with the introduction of the euro as official currency and legal tender in Croatia.

The ceiling for applying for the simplified VAT scheme for small enterprises has been changed from the previous HRK 300,000.00 to EUR 39,816.84, as of 1 January 2023.

The Tax Administration published an opinion, as a result of the VAT Committee of the European Commission's conclusion, by which it departed from earlier interpretations

The legislative amendments allow third-country nationals who are meeting the requirements for highly qualified employment to apply for an "EU Blue Card".

The long-term residence and work permit type "EU Blue Card" can now be issued for a maximum period of 5 years.

The holder of an "EU Blue Card" is allowed to carry out his/her employment duties remotely if this is agreed in the foreigner's employment contract or in an annex thereto, under the conditions and the procedure, determined in the Labour Code.

According to the latest amendments the holder of an "EU Blue Card", issued by the Republic of Bulgaria, can enter and reside in an EU Member State for a period of up to 90 days within a period of 180 days for the purpose of carrying out work.

of Art 57, Paragraph 1, of the VAT Act and reiterated the VAT Committee's conclusions.

In short, Article 167 of the VAT Directive links the moment when the right to deduct VAT arises with the moment when that VAT becomes chargeable. It is not possible to derogate from this rule unless the VAT Directive provides for this possibility. - As a result, the VAT charged on supplies of goods and services made by taxable persons applying the "cash accounting" scheme to be found in Article 66 (b) of the VAT Directive can only be deducted by their customers when that VAT is received from them as part of the payment for the supplies made. Member States cannot in this instance provide for a different rule for the deduction of VAT.

##### WHO THE LAW APPLIES TO



Any person who is a registered VAT trader, as well as taxpayers.

## HOW IT AFFECTS YOUR BUSINESS

Although similar, the new limits introduced by the amendments will need to be taken into consideration. Lower tax rates for certain products, as well as a 0% rate for solar panels if certain conditions are met, could present a desirable time for new investments.

## Extra Profit Tax Act

### MAIN PROVISIONS OF THE LAW

On 16 December 2022, the Croatian Parliament enacted the Extra Profit Tax Act, which imposes a one-time additional corporate income tax for the tax year 2022.

The Extra Profit Tax Act aims for the partial implementation of Chapter III of Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency basis to address high energy prices (“Regulation 2022/1854”).

Taxpayers of the Extra Profit Tax are Corporate Income Tax taxpayers with revenues exceeding HRK 300 million (around EUR 39.8 million) in tax year 2022 (Art 4/1 Extra Profit Tax Act).

The taxable base is calculated as a net of (i) taxpayer’s taxable profit for 2022, as determined under the Corporate Income Tax Act and (ii) average amount of taxable profits for period 2018-2021 increased by 20% (Art 5 Extra Profit Tax Act). In other words, if the taxpayer's taxable profits for 2022 increased by 20% or less in comparison to its average amount of taxable profits for period 2018-2021 there will be no obligation to pay the extra profit tax.

The taxable rate is set at 33% (Art 9 Extra Profit Tax Act).

## WHO THE LAW APPLIES TO

Corporate Income Tax taxpayers with revenues exceeding HRK 300 million (around EUR 39.8 million) in tax year 2022.

## HOW IT AFFECTS YOUR BUSINESS

The new one-time extra profit tax presents a significant burden to entities subject to the tax. These entities will have to take into consideration that they will essentially lose a third of their extra profit, which could have a detrimental effect on their activities in the wake of the current energy crisis.

## Double Taxation Avoidance Treaty

### MAIN PROVISIONS OF THE LAW

In December 2022, Croatian and U.S. government representatives signed the Convention for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income between the United States and Croatia (“DTT”).

Subject to advice from and consent to ratification by the U.S. Senate and ratification by the Croatian Parliament, the DTT will protect both American and Croatian taxpayers from double taxation through the allocation of taxing rights between the two countries..

The key provisions of the treaty are:

- elimination of withholding taxes on cross-border payments of dividends paid to pension funds and on payments of interest.
- reductions in withholding taxes on cross-border payments of dividends other than those paid to a pension fund, as well as royalties.



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- establishment of an agreed minimum level of economic activity within a country by a resident of the other country before triggering any tax burden on profits.
- modern anti-abuse provisions intended to prevent instances of non-taxation of income as well as treaty shopping.
- dispute resolution mechanisms, including mandatory binding arbitration; and
- standard provisions for the exchange of information to help the revenue authorities of both nations carry out their duties as tax administrators.

## WHO THE LAW APPLIES TO

Any person conducting taxable activities in either country who has a legal connection to the other one (e. g. residence, place of incorporation).

## HOW IT AFFECTS YOUR BUSINESS

The DTT will result in significant tax savings and is likely to stimulate new investments and future economic activities between both countries. The DTT increases legal certainty and provides safety to all participants, thereby encouraging new business opportunities.

## Amendments to the Labor Act

### MAIN PROVISIONS OF THE LAW

Amendments to the Employment Act, which entered into force on 1 January 2023 (with the exception of provisions related to digital work platforms which will enter into force on 1 January 2024), aim to modernize Croatian legislation and adapt it to the changing needs highlighted by the Coronavirus pandemic.

Work from home can be performed as permanent, temporary, or occasional if, based on the proposal of the employee or employer, the employee and employer agree on the type of work to be performed, provided that the nature of the work and the level of risk are determined in accordance with occupational safety regulations.

As a result of exceptional circumstances, such as epidemics of disease, earthquakes, floods, and similar phenomena, an employer may, to continue business activities and protect the health and safety of employees, allow employees to work from home without amending the employee's employment contract. In the event that the employee works at a separate workplace for longer than 30 days from the beginning of the extraordinary circumstances, the employer is required to offer the employee an employment contract that includes mandatory content.

In addition, the Amendment regulates the obligation to contract salaries in gross amounts and their payment into an employee's transaction account (including, for example, Revolut).

Moreover, additional work for another employer is regulated without the consent of the parent employer and with a greater number of permitted hours - eight hours or more per week, but no more than 16 hours per week.

Furthermore, the right to five days of unpaid leave per year for personal care of a family member or household member has been introduced, as well as the right to be absent from work for one day due to urgent family matters.

## WHO THE LAW APPLIES TO

Employers and employees.

## HOW IT AFFECTS YOUR BUSINESS

Businesses will potentially have to amend their employment agreements. Internal



bylaws will also have to be harmonized with the amendments by 1 July 2023.

## Serbia

### Decision on Fees for Registration and Other Services provided by the Business Registers Agency

The Decision on Fees for Registration and Other Services provided by the Business Registers Agency entered into force on 7 December 2022 and will be applicable as of 1 January 2023.

#### MAIN PROVISIONS OF THE LAW

The Decision prescribes fees for new electronic services introduced by the Agency with the aim of gradually replacing registration applications and documentation that could be submitted only in paper form in the future.

Fees for most existing electronic services remained unchanged, such as fees for registration of financial statements, while

other fees for electronic services were minimally increased.

Fees for registration and other services provided by the Agency based on registration applications submitted in paper form have increased by an average of six percent.

#### WHO THE DECISION APPLIES TO

The Decision applies to all entities that are registered in the Business Registers Agency.

#### HOW IT AFFECTS YOUR BUSINESS

In accordance with the Decision, the companies will pay increased fees for registration and other services provided by the Agency.

## Slovenia

### Act on emergency intervention to address high energy prices

#### MAIN PROVISIONS OF THE LAW

The Act, which was adopted by the National Assembly on the 9th of December 2022,

provides temporary measures to reduce import dependency in energy supply, price controls and the payment of contributions from any surplus market revenues of electricity producers.

Measures to reduce import dependency include obligations and other means of reducing electricity consumption. The system operator will provide incentives or payments to those who reduce their own consumption



by means of a call for tenders. The Act also sets a limit on the excess market revenues of electricity producers and a solidarity contribution levied on the profits from the extraction and processing of crude oil and natural gas. In addition, a contribution is imposed on the realised market revenues from the sale of electricity produced and sold on the Slovenian wholesale market (with certain specified exceptions). The contributions collected can be used for financial compensation for peak hour consumption reductions, compensation to suppliers for regulated prices, aid to the vulnerable and financing of RES (renewable energy sources).

Measures to contain the high costs are also foreseen. For example, in the event of a disproportionate increase in energy prices, the Government may decide that the price of district heating should also be regulated.

Other provisions provide for restrictions on the return of a supplier to the retail electricity and gas market, the possibility to transfer the entire portfolio of a supplier withdrawing from the market to another supplier. A framework is also introduced for the possible compensation of suppliers of electricity, gas or heat who would be significantly affected by a price regulation measure.

The Act encourages the increase of renewable energy production in the form of grants to promote the deployment of renewable energy, storage and heat.

## WHO THE LAW APPLIES TO

The Act affects producers, operators, importers, suppliers and final consumers of electricity.

## HOW IT AFFECTS YOUR BUSINESS

The Act counteracts and mitigates the factors driving up energy prices and ensures that the current uncertain energy situation does not cause lasting damage to consumers and the economy.

## Act on support to the economy to mitigate the consequences of the energy crisis

### MAIN PROVISIONS OF THE LAW

The National Assembly adopted the above-mentioned law on the 16th of December, which was drafted by the Slovenian Government in cooperation with representatives of the business sector. The measure to co-finance high energy prices is based on the EU's new Temporary Crisis Framework, which took into account Slovenian proposals and contains amendments that benefit Slovenian economy.

The Government will subsidise companies to cover the high energy prices in 2023. Companies, sole traders, economic interest associations and cooperatives, private institutions and associations, chambers of commerce and trade unions - all of which must be engaged in an economic activity - will be eligible.

Candidates will be able to apply for an aid set between 40% and 80% of eligible costs, namely above 1.5 times the increase in the price of electricity, natural gas and process steam in 2023 - the price comparison will be calculated by reference to the average price in 2021, except in the case of proportionality, when 2019 will be taken into account. The minimum grant will be €600.

For simple aid, beneficiaries will be granted reimbursement of 50% of eligible costs, up to a total of EUR 2 million. Aid for agriculture will be lower, up to €250,000 and for fisheries up to €300,000.

In addition, the Act specifies four other types of special assistance. The basic special aid will be limited to 50% of eligible costs and up



to a maximum of €4 million in total aid; special aid for reduced economic viability will be limited to 40% of eligible costs and up to €100 million; special aid for energy-intensive businesses will be limited to 65% of eligible costs and up to €50 million; and special aid in specific sectors to 80% of eligible costs and up to €150 million in total.

The Act also includes the provision of additional funds for soft loans to improve the liquidity of companies and two measures to safeguard jobs, namely a temporary measure to partially compensate for wage cuts due to a shortened working time and a temporary measure to partially compensate for workers temporary laid-off.

#### WHO THE LAW APPLIES TO

All sectors of the economy and all sizes of companies are included, from small, medium and large companies.

#### HOW IT AFFECTS YOUR BUSINESS

The aid will help companies in all business sectors as it includes subsidies for high prices for electricity, natural gas and industrial steam, subsidies for two measures to preserve jobs and measures to ensure the liquidity of companies. The estimated value of the measures for the economy is €1.2 billion.

## New Consumer Protection Act

#### MAIN PROVISIONS OF THE LAW

On 26 October 2022 the new Consumer Protection Act 1 entered into force. With its adoption, three European directives are introduced into the Slovenian legal order, and at the same time it also includes the provisions of the previously independent Consumer Protection against Unfair

Commercial Practices Act. The new Act applies from 26 January 2023.

The great innovation brought by the new Act is the regulation of the field of digital content and digital services and mandatory guarantees for their compliance, as this regulation did not previously exist in the Slovenian legal system. The obligation of the company to provide the necessary updates is determined, and the consumer now has, similarly to the sale of goods, the possibility of asserting claims for establishing conformity.

While under the old Act it was considered that in the event of a material defect the consumer could choose between repair, replacement, a proportionate reduction of the purchase price or a full refund, now there is a regime that limits the choice of claims that the consumer can make against the seller in case of non-conformity of goods.

In the area of warranties, the new Act also introduces an important innovation, as consumers can now only claim a warranty from the guarantor, i.e. the company providing the warranty (usually the manufacturer of the products, or in the case of imported products, the importer and distributor of the product), or from its authorized repairer. The seller of the product will from now on only be the guarantor if it issues a warranty card.

#### WHO THE LAW APPLIES TO

The Act regulates consumer rights and sets out the obligations of companies, public authorities and other entities involved in the offer, sale and other forms of marketing of goods, services and digital content.

#### HOW IT AFFECTS YOUR BUSINESS

By restricting consumers' options when it comes to claims, the new Act reduces consumers' rights in a certain part, since they have to firstly ask the seller to repair or replace the goods. At the same time, the Act rearranges some of the duties of sellers,





since the consumers can now claim warranty mostly only from the manufacturer, however at the same time sellers have some additional obligations, among others, regarding indications of previous price when it comes to reduced prices.

## New Personal Data Protection Act

### MAIN PROVISIONS OF THE LAW

On 15 December 2022, the National Assembly adopted the Data Protection Act (ZVOP-2), which transposes the European General Data Protection Regulation (GDPR) into Slovenian law and regulates national specificities in the area of personal data protection. The new Act applies from 26 January 2023.

In addition to the GDPR, the new Act also regulates additional aspects of personal data protection, including in the areas of video surveillance, biometrics, processing of personal data for research purposes, authorized persons for the protection of personal data, sets an age limit for children's consent to the use of information society services, and allows for the imposition of fines as provided for in the GDPR.

The Act provides that the implementation of the provisions shall be supervised by the Information Commissioner, who, as an infringement authority, is also competent to impose fines in accordance with the GDPR and the new Act. This allows for the imposition of the high fines provided in the GDPR, including a fine of up to €20 million or 4% of annual sales (whichever amount is greater), which can be imposed on a company. Until the implementation of the new Act, such fines could not be issued under the GDPR.

### WHO THE LAW APPLIES TO

All entities that manage and process data with the exception of data carried out by individuals in the course of completely personal or domestic activity.

### HOW IT AFFECTS YOUR BUSINESS

The new Act brings some additional obligations for data processors. Until 26 January 2025 the entities that process special types of personal data will have to start keeping a log of the processing of personal data. A higher level of personal data protection is ensured, which is also contributed to by companies' awareness that in the event of violations, they may receive high fines.



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