

REPUBLIC  OF SLOVENIA
MINISTRY OF FINANCE
TAX ADMINISTRATION OF THE REPUBLIC OF SLOVENIA



**TAX ADMINISTRATION
ANNUAL REPORT
FOR 2008**



July 2009



Important statistical data

Field	2008	2007	INDEX 08 / 07
Number of all taxpayers in the Register of taxpayers (RDZ)	2,818,234	2,715,525	103.8
Number of active taxpayers - in total (source: RDZ)	2,687,446	2,595,049	103.6
Number of active taxpayers - legal entities (source: RDZ)	111,694	108,121	103.3
Number of active taxpayers - individuals (source: RDZ)	2,575,752	2,486,928	103.6
Number of active taxpayers, who perform business activities (source: RDZ)	85,203	85,616	99.5
Number of persons liable for VAT (source: VAT application)	92,408	87,163	106.0

Amounts in EUR

Field	Annual plan of the Slov. Tax Adm. 2008 (adopted 28/11/07)	Realisation 2008	% of ann. plan realisation 08	Realisation 2007	INDEX 08 / 07	Annual plan of the Slov. Tax Adm. 2009 (adopted 17/12/08)	INDEX Ann. plan 09 / Ann. plan 08	INDEX Ann. plan 09 / Real. 08
I. Collected government revenues - in total	11,497,988,461	12,113,772,245	105.4	11,059,367,848	109.5	12,016,719,543	104.5	99.2

Source: AT Report (DP1, DP2, DDV (VAT), eVAT and ISPO)

II. Tax enforcement

Telephone calls, sent reminders and issued orders (number)	407,614	526,976	129.3	452,115	116.6	543,097	133.2	103.1
Telephone calls (amount)	82,602,235	92,600,055	112.1	94,855,916	97.6	85,776,484	103.8	92.6
Payments after telephone calls (amount)	62,858,501	72,620,898	115.5	70,065,121	103.6	65,483,658	104.2	90.2
Issued reminders about non-paid tax (amount)	528,580,278	690,297,811	130.6	570,252,913	121.1	598,733,202	113.3	86.7
Payments after reminders (amount)	124,450,924	181,876,656	146.1	139,749,502	130.1	171,043,774	137.4	94.0
Issued orders (amount)	431,454,133	559,484,370	129.7	449,422,853	124.5	543,155,979	125.9	97.1
Paid orders (amount)	179,618,190	246,804,956	137.4	199,066,729	124.0	244,719,428	136.2	99.2
Calls, sent reminders and issued orders - in total (amount)	1,042,636,646	1,342,382,236	128.7	1,114,531,682	120.4	1,227,665,665	117.7	91.5
Payments after calls, reminders and issued orders - in total (amount)	366,927,615	501,302,510	136.6	408,881,352	122.6	481,246,860	131.2	96.0
Share of collect. gov. revenues on the basis of payments after calls, rem. and issued orders in %	3.19	4.14	129.7	3.70	111.9	4.00	125.5	96.8

III. Control

Number of input documents	4,950,182	4,212,269	85.1	5,256,251	80.1	3,282,923	66.3	77.9
Number of output documents	2,719,580	2,695,888	99.1	2,633,753	102.4	2,744,079	100.9	101.8
Number of cases with discovered irregularities	-	65,590	-	92,274	71.1	-	-	-
Number of voluntary disclosure cases	-	9,053	-	8,562	105.7	-	-	-
Effect - Estimated additional tax from irregularities	40,242,960	46,655,010	115.9	42,454,198	109.9	-	-	-
Additional tax from voluntary disclosure cases	-	9,999,624	-	8,007,686	124.9	-	-	-
Effect - Estimated additional tax from irregularities and voluntary disclosure cases	40,242,960	56,654,634	140.8	50,461,884	112.3	39,555,333	98.3	69.8
Share of estimated additional liabilities (including voluntary disclosure cases) in collected government revenues of the Slov. Tax Adm. in %	0.35	0.39	110.0	0.38	100.3	0.33	94.0	85.5

IV. Auditing

Conducted audits (quantity)	7,420	7,827	105.5	6,278	124.7	7,500	101.1	95.8
Estimated additional direct liabilities (amount)	74,736,925	90,549,332	121.2	87,067,610	104.0	84,700,000	113.3	93.5
Payments of estimated additional direct liabilities (amount)	-	55,916,915	#VREDNI	30,584,350	182.8	-	-	-
Other effects of auditing (amount)	34,396,126	17,083,545	49.7	42,195,804	40.5	12,607,000	36.7	73.8
Share of est. add. direct liabilities in collected government revenues of the Slov. Tax Adm. in %	0.65	0.75	115.0	0.79	94.9	0.70	108.4	94.3
Share of estimated additional direct liabilities and other effects of auditing in collected government revenues of the Slov. Tax Adm. in %	0.72	0.78	108.0	0.88	88.7	0.73	100.9	93.4
Estimated additional liabilities per audit (amount)	10,072	11,569	114.9	13,869	83.4	11,293	112.1	97.6

V. Dispute resolution at the first instance

Filed	17,193	21,214	123.4	28,066	75.6	17,591	102.3	82.9
Resolved at the first instance	13,735	15,025	109.4	22,448	66.9	12,990	94.6	86.5
Relinquished to the second instance	3,895	4,836	124.2	4,451	108.6	4,582	117.6	94.7
Withdrawn	455	745	163.7	1,190	62.6	458	100.7	61.5
Processed (resolved, relinquished, withdrawn)	18,085	20,606	113.9	28,089	73.4	18,030	99.7	87.5
Unresolved at the end of the year	1,114 (31/12/2008)	3,660 (31/12/2008)	328.5	3,052 (31/12/2007)	119.9	3,221 (31/12/2009)	289.1	88.0

VI. Number of employees - IN TOTAL	Allowed number of employees under HR plan - 1/7/2008	Situation on 31/12/2008	% of 2008 annual plan realisation	Situation on 31/12/2007	Index 08 / 07	Allowed no. of empl. under HR plan 31/12/2009	INDEX Ann. plan 09 / Ann. plan 08	INDEX Ann. plan 09 / Real. 08
	2,558	2,586	101.1	2,627	98.4	2,532	99.0	97.9

VII. Funds used

TYPE OF EXPENDITURE / BUDGET ITEMS	Adopted Financial plan 2008 (28/11/2007)	Realisation 2008 the end of the year	% of annual plan realisation for 2008	Realisation 2007 - the end of the year	Index 08 / 07	Adopted Financial plan 2009 (17/12/2008)	INDEX Annual plan 09 / Annual plan 08	INDEX Annual plan 09 / Real. 08
1. Amount for salaries (3030)	62,577,959	66,969,568	107.0	62,755,798	106.7	61,611,059	98.5	92.0
2. Material expenditures - in total	25,484,273	19,127,106	75.1	17,670,962	108.2	28,027,554	110.0	146.5
3. Investments - in total	15,065,132	11,860,459	78.7	11,553,278	102.7	18,484,626	122.7	155.9
4. In total (1 to 3)	103,127,364	97,957,133	95.0	91,980,038	106.5	108,123,239	104.8	110.4
Funds used per employee (in EUR)	40,316	37,880	94.0	35,013	108.2	42,703	105.9	112.7
Funds used / Collected government revenues	0.90	0.81	90.2	0.83	97.2	0.90	100.3	111.3
Amount for salaries / Funds used	60.7	68.4	112.7	68.2	100.2	57.0	93.9	83.3
Investments / Funds used	14.6	12.1	82.9	12.6	96.4	17.1	117.0	141.2



THE TAX ADMINISTRATION OF THE REPUBLIC OF SLOVENIA IS A BODY AFFILIATED TO THE MINISTRY OF FINANCE. THE SEAT OF THE TAX ADMINISTRATION OF THE REPUBLIC OF SLOVENIA IS IN LJUBLJANA.

THE TAX ADMINISTRATION OF THE REPUBLIC OF SLOVENIA IS COMPOSED OF THE GENERAL TAX OFFICE, 15 TAX OFFICES, ESTABLISHED FOR SPECIFIC REGIONS, AND THE SPECIAL TAX OFFICE (LARGE BUSINESS OFFICE).

Tax offices have branches as internal organisation units located elsewhere.

THE TAX ADMINISTRATION OF THE REPUBLIC OF SLOVENIA IS HEADED BY THE DIRECTOR-GENERAL, WHO ALSO HEADS THE GENERAL TAX OFFICE. REGIONAL TAX OFFICES AND THE SPECIAL TAX OFFICE ARE HEADED BY THE DIRECTOR OF THE TAX OFFICE.

The Tax Administration of the Republic of Slovenia performs tasks of the tax service, which include assessment, settlement, supervision and enforcement of taxes and other duties on the basis of the law and other regulations.

The MISSION of the Tax Administration of the Republic of Slovenia is to provide taxpayers with services of the highest quality and in this way to assist them at tax compliance with fair and unbiased use of tax regulations.



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PREFACE BY THE DIRECTOR-GENERAL

Presentation of the annual report is actually a summary of the performed work, efforts and knowledge of all employees of the Tax Administration of the Republic of Slovenia (hereinafter: the Tax Administration), but mainly also, of course, of all taxpayers, who voluntarily comply with tax regulations.

And precisely these results of work prove progress in the work of the Tax Administration because comparisons show that the year of 2008 was one of the most successful so far. Despite this I would like to emphasize mainly the following data among all performance indicators: the share of funds, which the Tax Administration uses for its activities, i.e. for all costs, including salaries, investments and material costs, in comparison with revenues, achieves 0.81 percent. Feedback from colleagues from other tax administrations in connection with this data confirms to me time after time that we are not proud of our achievements often enough.

Before reviewing the results I would like to take this opportunity to thank all of my colleagues. Professional competence, diligence and commitment of their work are evident in individual chapters and even more in numerous activities, which are usually not found in the annual report. I would like to sincerely thank you all for smooth running of work with your assistance and the Slovenian Tax Administration has achieved enviable results with joint efforts.

In the middle of 2008 there was a change in management of the Tax Administration. Mr. Ivan Simič left the position of the Director-General and I, as his Deputy at that time, was at first appointed as Acting Director-General and later as the Director-General.

As usually let's start with data, which describe and prove, also this time. In 2008 the Tax Administration collected 12,114,316,250 EUR of all revenues, which is the largest amount so far. The Tax Administration collected 12,113,772,245 EUR of government revenues, which is 5.4 percent more than it was planned and 9.5 percent more than in 2007.

Payments of government revenues into the state budget of the Republic of Slovenia increased for 8.8 percent in comparison with 2007, municipal budgets received 7.3 percent higher revenues than in 2006, the Pension and Disability Insurance Institute of Slovenia increased its revenues, which are collected by the Tax Administration, for 10.8 percent and the Health Insurance Institute of Slovenia for 10.2 percent.

At results it should be emphasized that in 2008 the Tax Administration with numerous activities and measures of tax enforcement forcibly collected 501,302,510 EUR. We exceeded the planned realisation for 2008 for 36.6 percent and realisation in 2007 for 22.6 percent.

In 2008 control received 4,212,269 tax returns, settlements and other forms. 1,674,448 out of this number or 39.8 percent were received in the electronic form via eDavki (eTaxes) system. In 2008 we recorded a substantial increase in the number of input documents via eDavki. In comparison with the year before the number increased for even 158.4 percent. Control issued 2,695,888 decisions or other documents to taxpayers – for 2.4 percent more than it was planned.

In 2008 7.827 tax audits were conducted, which means that the number of conducted audits was for 15.5 percent higher than it was planned and for 24.7 percent higher than in comparison with 2007.

In the field of tax audit supervision the Tax Administration increased the presence of inspectors in the field and it strived for maximum even coverage of all fields with audit supervision. Risk fields were defined and risky taxpayers were selected for audits with the analysis of data from tax settlements and accountancy statements. Consequently, irregularities were discovered at even 96.2 percent of tax audits and effects of audits were for 21.2 percent larger than they were planned and for 4.0 percent larger than in the previous year.

Tax control as well as tax auditing concurrently informed taxpayers about fields, to which the Tax Administration focused its supervision, and called for voluntary disclosure. The result of this is that more and more taxpayers decide for voluntary disclosure and pay non-paid tax obligations on a voluntary basis, with which they avoid sanctions for tax offences. In connection with voluntary disclosure in 2008 we additionally settled taxes in the total amount of 13,036,071 EUR.



The public was concurrently informed about irregularities, discovered in coordinated audits, which contributed to promotion of tax discipline. At detecting of tax evasion and frauds the Tax Administration acted impartially and efficiently and at this it used all available legal means and sources and intensively cooperated also with law enforcement authorities, with the Police and Office of the Prosecutor.

Only a few results of Tax Administration's successful performance are stated. Also in 2008 the Tax Administration strove for realisation of strategic objectives, written in the Business strategy for the period 2005-2008.

In addition to legality and transparency of work the Tax Administration constantly strove to achieve also the basic goal of the Tax Administration – professional conduct towards all taxpayers, which is definitely one of key ways to increase effectiveness of Tax Administration's performance. This is also one of the reasons why in 2008 additional attention was focused on informing of taxpayers and communicating with them.

Efforts of the Tax Administration were directed also into provision of professional support to taxpayers, so that tax compliance would be possible for them, which will be our objective also in the future.

Taxpayers were extensively informed about their rights and obligations with updated publishing of news, explanations, forms and programmes on the website, in the media and in Tax Administration's own publications. Great effort was devoted also to promotion of electronic services for taxpayers and improvement of the system of communication with taxpayers in general.

In the first half of 2008 special attention was given to the project of personal income tax assessment for 2007, which was also successfully conducted. Assessment of personal income tax for 2007 introduced a completely new assessment procedure: this is assessment of personal income tax on the basis of informative calculation, with which the Slovenian Tax Administration classifies among the most successful tax administrations at assessment of personal income tax.

In the previous year the Tax Administration successfully cooperated also with other public administration's institutions and with the expert public, i.e. with active participation in interdepartmental programmes and projects and with provision of its services to other ministries and their affiliated bodies. All interested groups were included in processes of changing and improving of Tax Administration's performance and with larger transparency of work the awareness was increased on progress, which was achieved within the Tax Administration.

At its operations the Tax Administration increasingly cooperates also with tax administrations in other states and other state and public administrations and it uses the acquired knowledge on the basis of their experience at its work. The network of information exchange with other states and international institutions is more and more branched.

In 2008 the Tax Administration organised the General Assembly of the IntraEuropean Organisation of Tax Administrations (IOTA), which it successfully headed as the Presidency country for one year up to June 2008.

The increased scope of Tax Administration's work due to changes of tax and non-tax legislation and decrease in the number of employees didn't influence on effective fulfilment of Tax Administration's tasks. At fulfilling of its professional tasks and realisation of strategic goals the Tax Administration, of course, faced also obstacles – the largest share again belongs to ancient information support, which considerably burdens the work of every employed civil servant and has negative influences on effectiveness of the Tax Administration. This is the reason why the Tax Administration in 2008 strengthened activities for a comprehensive renewal of the tax information system, but unfortunately the public tender for it was not successfully completed in 2008.

The Tax Administration will follow the presented directions of development of Tax Administration's operations also in future. The conducted analyses and results, presented in this annual report, show that the Tax Administration can be reasonably satisfied with the performed work and proud of the achieved results.

Mojca Centa Debeljak
DIRECTOR-GENERAL



I. COLLECTED TAXES AND OTHER REVENUES OF THE TAX ADMINISTRATION

In 2008 the Tax Administration collected **12,114,316,250 EUR** of revenues, which means 9.5 percent more than in 2007.

The annual plan of government revenues, which are collected by the Tax Administration within the valid economic classification, was exceeded for 5.4 percent. The annual plan in the amount of 11,497,988,461 EUR included revenues of the state budget and local governments' budgets and both funds of obligatory social insurance (Pension and Disability Insurance Institute of Slovenia and Health Insurance Institute of Slovenia).

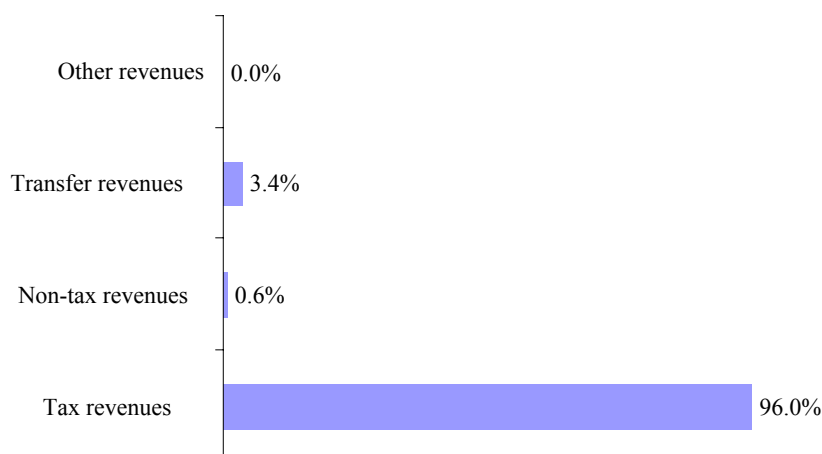
In 2008 there were **12,113,772,245 EUR** of payments, which are included in schemes for monitoring of revenues. There were also payments of other revenues, which include **544,005 EUR** (membership fees for the Chamber of Commerce and Industry of Slovenia and Chamber of Craft and various contributions), which are not included into schemes for monitoring of government revenues, which are collected by the Tax Administration, but they are recorded in the tax accountancy for individuals (DP1) and legal entities (DP2).

The source of data for reporting about realisation of the annual plan of revenues in 2008 is the data from accountancy records DP1, DP2 and VAT and the offence records of the Tax Administration of the Republic of Slovenia for all revenues, which are collected by the Tax Administration.

Realisation of revenues, collected by the Tax Administration (in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Tax revenues	11,016,568,338	11.625,660,874	105.5	10,597,800,220	109.7
Non-tax revenues	72,932,751	74,089,460	101.6	77,775,631	95.3
Transfer revenues	408,487,372	414,021,911	101.4	383,791,997	107.9
Government revenues - in total	11,497,988.461	12,113,772,245	105.4	11,059,367,848	109.5
Other revenues	x	544,005	x	3,177,276	17.1
In total	–	12,114,316,250	–	11,062,545,124	109.5

Structure of revenues, collected by the Tax Administration in 2008





TAX REVENUES

In 2008 tax revenues had the share of 96.0 percent in the structure of all payments of revenues, collected by the Tax Administration. In 2008 the payments of tax revenues were higher than they were planned for 5.5 percent and the realisation from the previous year was exceeded for 9.7 percent. The largest share (even 43.8 percent) belonged to social security contributions. Then there were taxes on income and profit with the share of 29.7 percent.

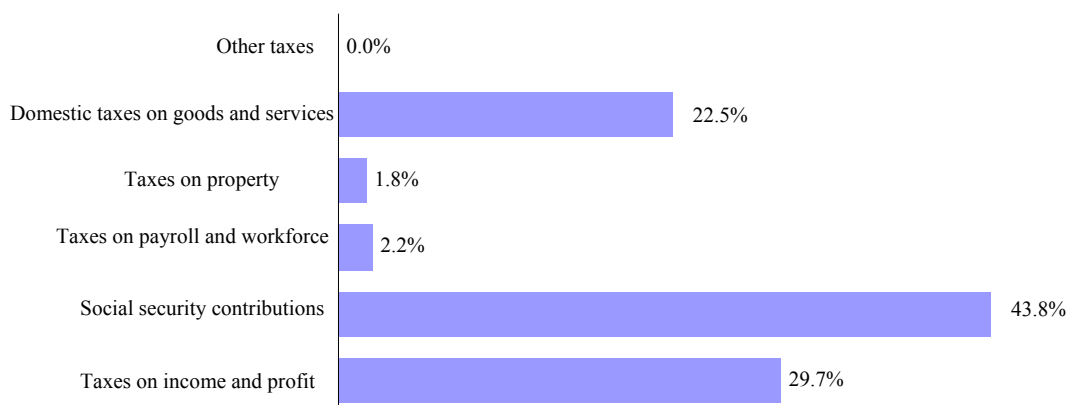
Collected tax revenues

(in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Taxes on income and profit	3,052,913,627	3,447,738,960	112.9	2,922,986,514	118.0
Social security contributions	4,958,033,830	5,090,874,385	102.7	4,594,060,381	110.8
Taxes on payroll and workforce	276,992,730	258,038,196	93.2	418,128,514	61.7
Taxes on property	226,433,491	214,737,031	94.8	204,321,191	105.1
Domestic taxes on goods and services	2,501,408,711	2,614,141,460	104.5	2,457,700,368	106.4
Other taxes	785,949	130,842	16.6	603,252	21.7
In total	11,016,568,338	11,625,660,874	105.5	10,597,800,220	109.7

In 2008 payments of tax revenues exceeded the planned amount of payments at taxes on income and profit, social security contributions and domestic taxes on goods and services, but the planned amount was not achieved at taxes on payroll and workforce, taxes on property and other taxes.

Structure of tax revenues in 2008





1. Taxes on income and profit

In 2008 taxes on income and profit had the share of 29.7 percent in the structure of tax revenues. In 2008 they were realised in the amount of 3,447,738,960 EUR. The annual plan was exceeded for 12.9 percent. In comparison with the year before payments were higher for 18.0 percent, the surplus is mainly a consequence of high advance payments of personal income tax and corporate income tax.

Collected taxes on income and profit

(in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Personal income tax	1,955,025,414	2,183,982,324	111.7	1,802,798,817	121.1
Annual settlement (additional payments - rebates)	-129,676,923	-59,092,834	45.6	-158,307,476	37.3
Additional payments	71,054,752	87,642,872	123.3	65,379,430	134.1
Refunds	200,731,675	146,735,706	73.1	223,686,906	65.6
Personal income tax advance payment	1,982,793,731	2,070,609,026	104.4	1,866,946,706	110.9
Personal income tax on interest, dividends and capital gains	101,908,606	172,466,132	169.2	94,159,587	183.2
Corporate income tax	1,097,888,214	1,263,756,636	115.1	1,120,187,697	112.8
In total	3,052,913,627	3,447,738,960	112.9	2,922,986,514	118.0

Structure of taxes on income and profit in 2008



Personal income tax was for 11.7 percent higher than the planned amount and for 21.1 percent higher than in the year before. The state budget received personal income tax in whole.

Advance payments of personal income tax reached the amount of 2,070,603,839 EUR, which is 4.4 percent above the annual plan and 10.9 percent more than in 2007.

In 2008 the realisation of personal income tax on capital gains, dividends and interest reached 172,466,132 EUR, which is 69.2 percent more than it was planned. Developments on the capital market have the most important influence on the size of these incomes.

At the annual settlement of personal income tax, which mainly refers to the assessment of personal income tax for 2007, rebates were higher than additional payments for 59,092,834 EUR. In comparison with the annual plan, which foresaw slightly lower additional payments and considerably higher rebates, the realisation means in absolute terms 54.4 percent lower negative net effect.

Corporate income tax in 2008 was paid in the amount of 1,263,756,636 EUR. Realisation exceeded the annual plan for 15.1 percent and realisation of the year before for 12.8 percent. The annual plan at corporate income tax was prepared on the basis of estimated GDP growth for 2008 and changes of legislation were also taken into consideration, which foresaw some positive effects for the economy growth and increase of competitiveness, which was also realised.



75,645 settlements for corporate income tax were submitted for 2007, which is 10.6 percent more than for 2006. The obligation for additional tax payment reached 405,713,705 EUR and it was 22.9 percent higher than in the year before. Overpaid advance payments reached 190,228,801 EUR or 65.8 percent more than in the year before. The established monthly advance payment, which is paid according to submitted settlements for 2007, reached 94,458,150 EUR, which is 22.3 percent more than the established advance payment for the year before.

2. Social security contributions

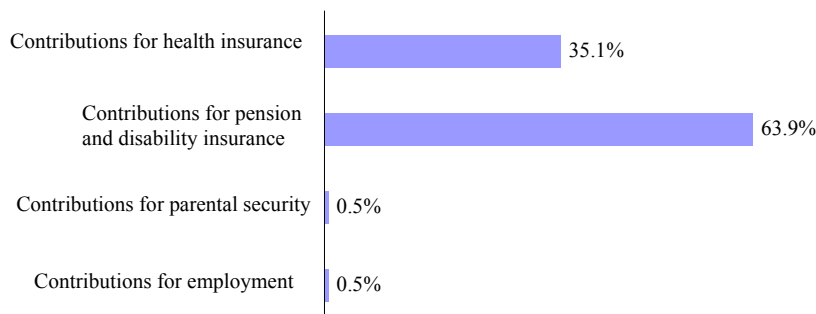
Social security contributions include obligatory contributions for all types of social security. In 2008 they had the share of 43.8 percent in the structure of tax revenues. Payments of social security contributions reached the amount of 5,090,874,385 EUR, which is on average 2.7 percent more than it was planned and 10.8 percent more than in 2007.

Collected social security contributions

(in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Contributions for employment	26,020,465	26,885,817	103.3	24,251,235	110.9
Contributions for parental security	25,903,335	26,574,330	102.6	24,109,955	110.2
Contributions for pension and disability insurance	3,167,133,649	3,250,959,403	102.6	2,933,992,067	110.8
Contributions for health insurance	1,738,976,381	1,786,454,835	102.7	1,611,707,124	110.8
In total	4,958,033,830	5,090,874,385	102.7	4,594,060,381	110.8

Structure of social security contributions (without transfer revenues) in 2008



Contributions for employment and for parental security are revenues of the state budget. The contribution for pension and disability insurance belongs to the Pension and Disability Insurance Institute of Slovenia; the contribution for health insurance is a revenue of the Health Insurance Institute of Slovenia. Inflation and growth of salaries mainly influence the growth of social security contributions.

In accordance with the economic classification a part of social security contributions in the amount of 414,021,911 EUR is presented among transfer revenues. These are funds, received from other government institutes for health insurance, employment, maternity leave, pension and disability insurance.

3. Taxes on payroll and workforce

Paid **taxes on payroll and workforce** in 2008 reached the amount of 258,038,196 EUR, which is 6.8 percent less than it was planned and 39.3 percent less than in the year before. They have the share of 2.2 percent in the structure of tax revenues.

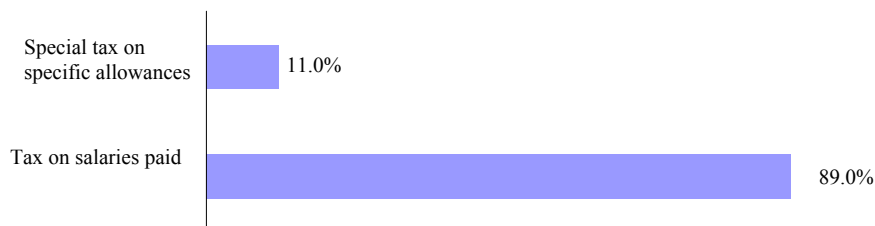


Collected taxes on payroll and workforce

(in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Tax on salaries paid	249,382,970	229,657,967	92.1	391,526,805	58.7
Special tax on specific allowances	27,609,760	28,380,229	102.8	26,601,709	106.7
In total	276,992,730	258,038,196	93.2	418,128,514	61.7

Structure of taxes on payroll and workforce in 2008



Tax on salaries paid was in 2008 paid in the amount of 229,657,967 EUR, which is 7.9 percent less than it is put in the annual plan and 41.3 percent less than in 2007. It was estimated in the annual plan that in 2008 due to legal changes in the field of salaries paid revenues would be lower than in the year before. The reason for lower payments is gradual cancellation of the tax on salaries paid in the period 2006-2008, where in 2008 the rate decreased for 30 percent.

Special tax on specific allowances in 2008 was paid in the amount of 28,380,229 EUR. In comparison with the annual plan this means 2.8 percent more and in comparison with the year before 6.7 percent more. This tax is paid only by legal entities and persons, who perform business activities and pay allowances to individuals for performed services on the basis of the work contract.

4. Taxes on property

Taxes on property had the share of 1.8 percent in the structure of tax revenues in 2008. There were 214,737,031 EUR of payments for taxes on property, which is 5.2 percent less than it was planned and 5.1 percent more than in 2007.

Taxes on immovable property, movable property, inheritance and gifts and real estate sales taxes and taxes on financial property are local (municipal) taxes, so they have a role of local financing and spatial planning.

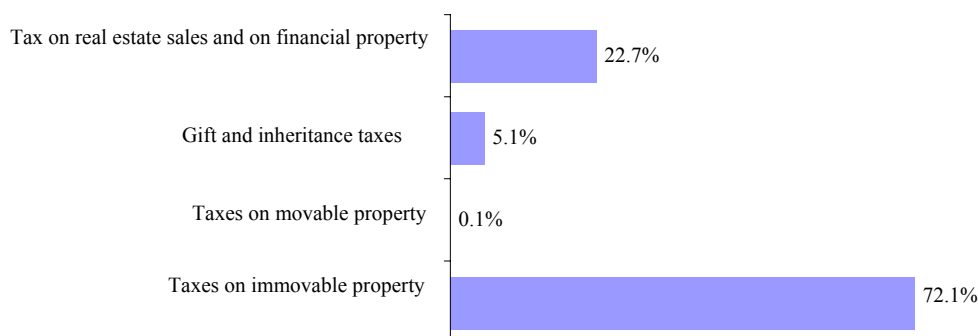
Collected taxes on property

(in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Taxes on immovable property (real estate tax)	153,612,157	154,731,524	100.7	140,790,874	109.9
Taxes on movable property	52,789	222,088	420.7	26,551	836.5
Gift and inheritance taxes	9,353,289	10,992,308	117.5	8,672,820	126.7
Tax on real estate sales and financial property	9,353,289	48,791,111	76.9	54,830,946	89.0
In total	226,433,491	214,737,031	94.8	204,321,191	105.1



Structure of taxes on property in 2008



Taxes on immovable property had the largest share (72.1 percent) in the structure of taxes on property. There were 154,731,524 EUR of payments, which is 0.7 percent more than it was planned and 9.9 percent more than the year before. Taxes on property include the compensation for the use of building land and taxes from property (from buildings, rest areas and recreation grounds, agricultural land and forests).

Taxes on movable property had in 2008 the share of less than 0.1 percent in the structure of taxes on property. There were 222,088 EUR of payments, which is 20.7 percent more than it was planned and 736.5 percent more than the year before. Tax on possession of floating objects belongs to taxes on movable property.

The gift and inheritance tax had the share of 5.1 percent in the structure of taxes on property. There were 10,992,308 EUR of payments, which is 17.5 percent more than it was planned and 26.7 percent more than the year before.

Tax on real estate sales and on financial property had the share of 22.7 percent in the structure of taxes on property. There were 48,791,111 EUR of payments, which is 23.1 percent more than it was planned and 11.0 percent less than the year before. Taxes on real estate sales and on financial property include taxes on real estate sales on legal entities and individuals, which means for residents and for legal entities and individuals without seat or permanent residence in the Republic of Slovenia.

5. Domestic taxes on goods and services

In 2008 **domestic taxes on goods and services** had the share of 22.5 percent in the structure of tax revenues. Payments of domestic taxes on goods and services in 2008 reached the amount of 2,614,141,460 EUR, which is 4.5 percent more than it was planned and 6.4 percent more than in the year before.

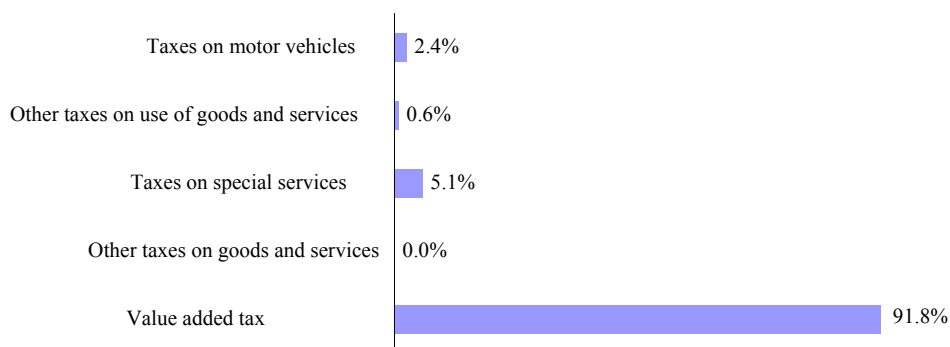
Collected domestic taxes on goods and services

(in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Value added tax	2,303,759,752	2,400,087,344	104.2	2,255,661,205	106.4
Other taxes on goods and services	708	2,917	412.0	970	300.7
Taxes on special services	127,906,377	134,178,331	104.9	134,652,746	99.6
Other taxes on the use of goods and services	12,537,503	16,466,780	131.3	12,350,754	133.3
Taxes on motor vehicles	57,204,371	63,406,088	110.8	55,034,693	115.2
In total	2,501,408,711	2,614,141,460	104.5	2,457,700,368	106.4



Structure of domestic taxes on goods and services in 2008



Value added tax after settlement, which had the share of 91.8 percent in the structure of domestic taxes on goods and services, was in 2008 realised in the amount of 2,400,087,344 EUR, which is 4.2 percent more than it was planned and 6.4 percent more than in the year before.

Collected value added tax after settlement (in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Payments	4,266,317,525	4,423,925,444	103.7	4,048,201,210	109.3
Refunds	1,962,557,773	2,023,838,100	103.1	1,792,540,005	112.9
Net VAT (payments - refunds)	2,303,759,752	2,400,087,344	104.2	2,255,661,205	106.4

At planning of value added tax after settlement the planned growth of consumption, export and investment were taken into consideration, including the structure of claims for refunds of this tax.

Payments of VAT from imported goods and services also have to be taken into consideration in addition to VAT after settlement for the complete information on VAT revenues in 2008. The Customs Administration of the RS is competent for the collection of this tax.

		(in EUR)		
	Type of revenue	Realisation 2008	Realisation 2007	Index 08/07
1.	Payments of VAT on imported goods and services - collected by the Customs Administration of the RS*	745,005,781	653,247,629	114.0
2.	VAT after settlement - collected by the Tax Administration (payments - refunds)	2,400,087,344	2,255,661,205	106.4
	2.1 Payments of VAT	4,423,925,444	4,048,201,210	109.3
	2.2 VAT refunds	2,023,838,100	1,792,540,005	112.9
3.	VAT in total (1. + 2.)	3,145,093,125	2,908,908,834	108.1

* Source of data: Customs Administration of the RS (net VAT from import)

Other taxes on goods and services, which include taxes on CO₂ emissions, were planned for 2008 in the amount of 708 EUR, realisation reached the amount of 2,917 EUR, which is 312.0 percent above the planned amount. In April 2005 the Decree on tax on CO₂ emissions was changed, which transferred tasks of supervision and payment of this tax to the Customs Administration of the RS.

Taxes on special services had the share of 5.1 percent in the structure of domestic taxes on goods and services. There were 134,178,331 EUR of payments, which is 4.9 percent more than it was planned and 0.4 percent less than in 2007. In accordance with the valid economic classification we monitor within taxes on special services payments in connection with special sales tax on special games of chance, tax on classic and special games of chance, tax on insurance contracts, taxes on winnings in games of chance and special tax on gaming machines.



Other taxes on use of goods and services had the share of 0.6 percent in the structure of domestic taxes on goods and services. There were 16,466,780 EUR of payments, which is 31.3 percent more than it was planned and 33.3 percent more than in 2007. Various municipal and state fees and charges belong among other taxes on use of goods and services.

Taxes on motor vehicles had the share of 2.4 percent in the structure of domestic taxes on goods and services. There were 63,406,088 EUR of payments, which is 10.8 percent more than it was planned and 15.2 percent more than in the previous year. Revenues in connection with taxes on motor vehicles mainly depend on trade guidelines for new and second-hand vehicles.

6. Other taxes

In 2008 **other taxes** had a very low share in the structure of tax revenues. There were 130,842 EUR of payments, which is 83.4 percent less than it was planned and 78.3 percent less than in the previous year. The group of other taxes, which are collected by the Tax Administration, includes cancelled contributions paid at a later stage and costs of forcible collection of taxes and contributions with related interest for late payment.

NON-TAX REVENUES

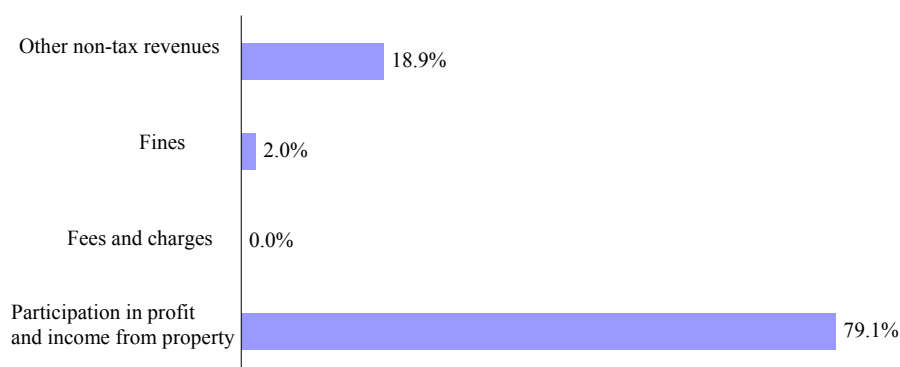
In 2008 non-tax revenues had a very low share (0.6 percent) in the structure of revenues, collected by the Tax Administration. In 2008 there were 74,089,460 EUR of these revenues, which is 1.6 percent more than it was planned and 4.7 percent less than in the previous year.

Collected non-tax revenues

(in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Participation in profit and income from property	57,607,502	58,609,291	101.7	61,596,316	95.2
Fees and charges	691	3,917	567.2	-361	-1,085.0
Fines	49,856	1,457,478	2,923.4	1,407,652	103.5
Other non-tax revenues	15,274,703	14,018,774	91.8	14,772,024	94.9
In total	72,932,751	74,089,460	101.6	77,775,631	95.3

Structure of payments of non-tax revenues, collected by the Tax Administration in 2008



Participation in profit and income from property had the largest share (79.1 percent) in the structure of non-tax revenues in 2008. There were 58,609,291 EUR of payments, which is 1.7 percent more than it was planned and 4.8 percent less than the year before. This group includes revenues from concession duties from special games on chance and concession duties from allowances of university and high-school students.

Fees and charges include state administration fees. **Fines** comprise fines for offences.



Other non-tax revenues had the share of 18.9 percent in non-tax revenues in 2008. There were 14,018,774 EUR of payments, which is 8.2 percent less than it was planned and 5.1 percent less than in the year before. Other non-tax revenues include other voluntary social security contributions, collection of costs for publishing of the deletion of companies with interest and other state revenues, municipal and local self-imposed contributions and the special contribution for reconstruction of the Posočje region.

TRANSFER REVENUES

In 2008 transfer revenues had the share of 3.4 percent in the structure of revenues, collected by the Tax Administration. There were 414,021,911 EUR of payments, which is 1.4 percent more than it was planned and 7.9 percent more than in the previous year. The group of transfer revenues includes all funds, which the Tax Administration has received from the state budget and local governments' budgets and which are intended for payment of social security contributions for entitled persons defined in the legislation.

Collected transfer revenues

(in EUR)

Type of revenue	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Funds received from contributions for employment	212,591	225,058	105.9	197,940	113.7
Funds received from contributions for parental security	365,616	380,008	103.9	338,518	112.3
Funds received from contributions for health insurance	375,187,198	378,864,839	101.0	352,868,937	107.4
Funds received from contributions for pension and disability insurance	32,721,967	34,552,006	105.6	30,386,602	113.7
In total	408,487,372	414,021,911	101.4	383,791,997	107.9

Funds received from contributions for employment had the share of less than 0.1 percent in the structure of transfer revenues. There were 225,058 EUR of payments, which is 5.9 percent more than it was planned and 13.7 percent more than in the year before. Funds received from contributions for employment comprise funds received from the contribution of employers for employment from compensations for maternity leave, from compensations for the time of unemployment and from compensations due to sick leave, which are paid by the Health Insurance Institute of Slovenia (ZZZS) directly to entitled persons.

Funds received from contributions for parental security had the share of less than 0.1 percent in the structure of transfer revenues. There were 380,008 EUR of payments, which is 3.9 percent more than it was planned and 12.3 percent more than in the year before. Funds received from contributions for parental security comprise funds received from contributions of employers for maternity security from compensations for maternity leave, for maternity security from compensations for the period of unemployment and for maternity security from compensations due to sick leave, which are paid by the ZZZS directly to entitled persons.

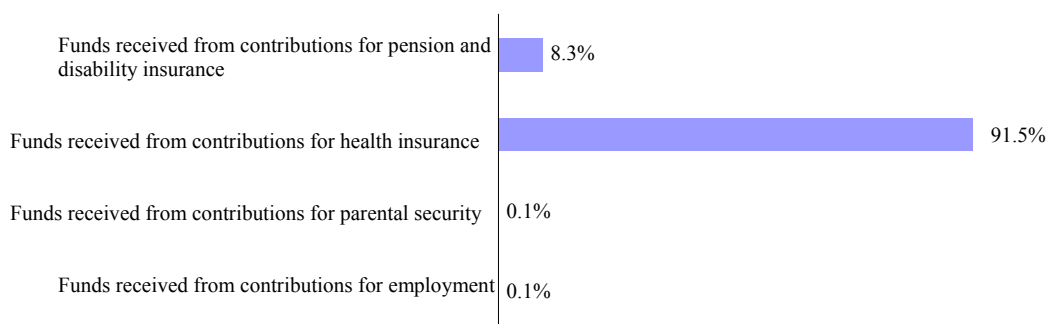
Funds received from contributions for health insurance had the largest share (even 91.5 percent) in the structure of transfer revenues. There were 378,864,839 EUR of payments, which is 1.0 percent more than it was planned and 7.4 percent more than in the year before. Funds received from contributions for health insurance include funds received from the state budget from payments of contributions for health insurance of specific persons, funds received from the contribution of employers for health insurance from the compensation for maternity leave, for health insurance from the compensation for the period of unemployment, for health insurance of military recruits, who are in military service, for injuries at work and occupational diseases for soldiers, who are in military service, funds received from local governments' budgets from payment of contribution for health insurance of specific persons, funds received from the Pension and Disability Insurance Institute of Slovenia (ZPIZS) from the contribution for health insurance of the retired people, funds received from



the contribution of employers for health insurance from compensations due to sick leave, which is paid by the ZZSZ directly to entitled persons, and funds received from the contribution of employers for health insurance from compensations from disability insurance, which is paid by the ZPIZS directly to entitled persons.

Funds received from contributions for pension and disability insurance had the share of 8.3 percent in the structure of transfer revenues. There were 34,552,006 EUR of payments, which is 5.6 percent more than it was planned and 13.7 percent more than in the year before. Funds received from contributions for pension and disability insurance comprise funds received from contributions of employers for pension and disability insurance from parental compensations, for pension and disability insurance from compensations for the period of unemployment, and for pension and disability insurance from compensations due to sick leave, which are paid by the ZZSZ directly to entitled persons.

Structure of transfer revenues in 2008



OTHER REVENUES

In 2008 **other revenues** had the share of 0.004 percent in the structure of all payments, collected by the Tax Administration. There were 544,005 EUR of payments. This group includes various membership fees and contributions, which are collected by the Tax Administration, but they are not included in the standard economic classification of government revenues.

Collected other revenues

(in EUR)

Type of revenue	2008	2007	Index 08/07
Membership fee for the Municipal Chamber of Craft (OOZ)	274,608	1,282,114	21.4
Membership fee for the Chamber of Craft of Slovenia (OZS)	211,394	903,687	23.4
Contributions for training of employees	48,488	831,794	5.8
Membership fee for the Chamber of Commerce and Industry of Slovenia (GZS)	16,173	-24,748	-65.4
Contributions for implementation of the collective agreement	7,962	175,655	4.5
Other	-14,620	8,774	-166.6
In total	544,005	3,177,273	17.1



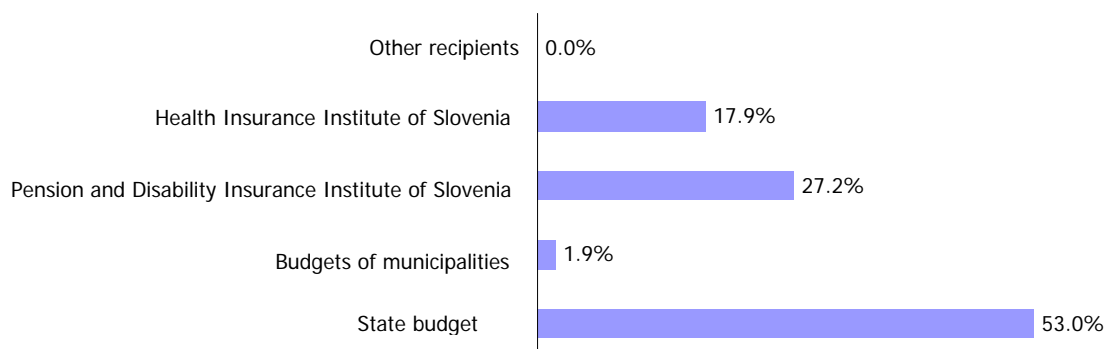
REVENUES, COLLECTED BY THE TAX ADMINISTRATION, ACCORDING TO FUNDS RECIPIENTS

Payments of government revenues into the state budget with the whole personal income tax included in 2008 reached the amount of 6,421,380,266 EUR, which is 8.7 percent more than it was planned and 8.8 percent more than in the year before. Municipalities received 227,616,273 EUR, which is 12.6 percent less than it was planned and 7.3 percent more than in the previous year. The Pension and Disability Insurance Institute received 3,299,456,032 EUR, which is 2.6 percent more than it was planned and 10.8 percent more than in the previous year. The Health Insurance Institute of Slovenia received 2,165,319,674 EUR, which is 2.4 percent more than it was planned and 10.2 percent more than in the previous year. Other recipients received 544,005 EUR, which is 82.9 percent less than in the year before.

Realisation of revenues, collected by the Tax Administration according to funds recipients (in EUR)

	Annual plan 2008	Realisation 2008	Percentage of 2008 annual plan realisation	Realisation 2007	Index 08/07
State budget	5,908,774,317	6,421,380,266	108.7	5,903,622,138	108.8
Budgets of local governments	260,490,420	227,616,273	87.4	212,112,889	107.3
Pension and Disability Insurance Institute of Slovenia	3,214,560,147	3,299,456,032	102.6	2,979,056,762	110.8
Health Insurance Institute of Slovenia	2,114,163,579	2,165,319,674	102.4	1,964,576,061	110.2
Other recipients	0.0	544,005	-	3,177,276	17.1
In total	11,497,988,461	12,114,316,250	105.4	11,062,545,126	109.5

Structure of revenues, collected by the Tax Administration in 2008 according to funds recipients





II. PERFORMING THE TASKS OF THE TAX ADMINISTRATION

In 2008 Tax Administration's work was marked by the following considerably extensive sets of tasks: upgrading professional competence of employees, preparation of implementing regulations for realisation of taxation and other tasks, connected with assessment of tax obligations.

The new tax legislation from the previous year required constant renovation and deepening of knowledge from the Tax Administration. Training events were organised for this purpose, dedicated mainly to controllers and inspectors from the field of defining residence status of taxpayers and implementation of treaties on avoidance of double taxation on the basis of provisions from the national tax legislation and treaties on avoidance of double taxation as well as prepared extensive topic instructions from the field of treaties (business units, sportspersons, professors and researchers, licence fees and royalties). Specific training events for controllers were also organised for settlement of personal income tax advance payment on income from business activities, settlement of corporate income tax for the year, capital gains and new tax settlement for VAT as well as about submission and provision of data on paid social security contributions for each individual.

Proposals were prepared for amendments to the Value Added Tax Act and Rules on implementation of the Value Added Tax Act for prevention of VAT evasion (VAT deduction, joint and several liability for VAT payment and taxation according to the recipient of the real estate, service from the field of real estate, waste material and raw materials) and proposals for amendments to the Motor Vehicles Tax Act – on the basis of coordination within the Tax Administration of the RS, Ministry of Finance. The Rules on the subject matter and form of the withholding tax settlement and on the method of submission to the tax authority, which define the type, form and method of data submission from the withholding tax settlement and instructions for completion and submission of settlements to the tax authority for needs of establishing the system of individual REKs (withholding tax settlements) were prepared. Special attention was given to taxation of derivative financial instruments, which are subject to taxation according to the new act.

Due to changes of legislation in the field of personal income tax, corporate income tax, taxation of derivative financial instruments as well as the Companies Act the Tax Administration dealt with implementing regulations and instructions for implementation of changes into the tax collection system. It also participated in the preparation of implementing regulations on traceability of transfers between subfunds of the same holding fund. Special attention was placed on rules on delivery of data for assessment of personal income tax as well as on rules on delivery of data about acquisitions and disposals of securities and other shares in capital, on disposal of investment coupons and disposal of derivative financial instruments. Together with the Surveying and Mapping Administration it actively dealt with the change of the tax return form for assessment of real estate sales tax.

In this year the Tax Administration successfully conducted a professionally demanding project on the system of personal income tax informative calculation from the field of tax settlements and assessment of individual taxes. Other assessment tasks were also professionally performed with success from procedural and substantive points of view. It reminded authorities competent for settlement of individual topics, especially in the field of agriculture, about dilemmas, which occurred at substantive implementation of individual tasks.

It substantively upgraded Vida's base of knowledge, which now, in addition to personal income tax, answers also to questions from the field of value added tax, tax on motor vehicles, tax on vessels, real estate and gifts. In addition to our website this enables a faster taxpayers' access to information, necessary for tax compliance.

The Tax Administration prepared materials and conducted also training events for providers at E-VEM entry points from the field of identification for purposes of VAT and corporate income tax. Proposals were prepared for brochures for sole entrepreneurs, brochures for companies from the viewpoint of tax on income from business activities, corporate income tax and value added tax and instructions for display images of completing individual forms for registration for performing business activities and identification for VAT purposes.



Within Slovenia's presidency of the European Union the Tax Administration participated in the group amending Directive 2006/112/EC on the common system of value added tax in connection with treatment of insurance and financial services. It also prepared proposals and comments in connection with the Proposal of amendments to the Rules on exemption from payment of value added tax and excise duties in the international passenger transport services as well as proposals and comments in connection with the Proposal of the Rules on amendments to the Rules on conditions and the method for exemption from taxes for diplomatic missions, consular posts and international organisations under treaties, which oblige Slovenia. The Tax Administration was actively included also in the project group for establishing of the new scheme for VAT refund to non-residents.

The Tax Administration participated also in preparation of replies in connection with Slovenia's integration into the OECD, i.e. replies in connection with OECD Model Convention and taxation of multinational companies as well as in the field of value added tax.

Provision of instructions and explanations to tax offices for implementation of taxation and preparation of replies for consulting firms and taxpayers as Tax Administration's basic mission were also conducted successfully. With changes of legislation it upgraded and in a simple form it prepared descriptions of subject matter of individual tax acts, into which information was also included about provisions of treaties on avoidance of double taxation for publishing of brochures. It constantly supplemented its website, including the English part of it, which enabled also foreign persons to know more about our tax legislation. Binding written information was also prepared about tax treatment of their planned transactions or planned business events.

All efforts were also in this year directed into provision of such support to tax offices and taxpayers, which will enable that the quality of work of Tax Administration's employees will be at maximum professional level and that taxpayers will settle and pay tax obligations correctly and in time.

II. 1 TAX REGISTER AND TAX ACCOUNTANCY

Tax register

In the field of tax register in 2008 many tasks were performed, which were envisaged in the annual plan for 2008, and many unplanned tasks were also realised.

In 2008 the Tax Administration as one of institutions with its entry points started implementing also registrations for companies at one place. e-VEM system for companies with this procedure enabled entries of companies into the tax register and assignment of the tax number ex officio. For this purpose the Tax Administration prepared a service, which automatically acquires all necessary data about the company from e-VEM system into the system of tax register. After all conducted controls the company is automatically entered into the tax register and the system assigns a tax number to it. The data on the tax number is automatically returned into e-VEM system. This is on-line entry of companies into the tax register from e-VEM system. With the assistance of the next service the Tax Administration receives also other data about the company, necessary for the entry into the tax register.

The service for acquisition of basic data about foreign persons (partners, founders or members of entry's entity or members of the authority of entry's entity) was established from the tax register into e-VEM system on the basis of the tax number. On the basis of amendments to the Register of Companies Act (ZSReg-B) the tax number at registration of companies has become the identification number for partners, founders or members of entry's entity or members of the authority of entry's entity, who don't have unique personal identification numbers defined in the central register of citizens or registration numbers in the Business Register of Slovenia.

In 2008 the Tax Administration started acquiring data on companies from the Business Register of Slovenia because the register of companies has become a part of the Business Register of Slovenia. Acquiring of data from the Business Register of Slovenia is still not optimal because we have to link to the new base of the Business Register of Slovenia (PRS3).



In 2008 the Tax Administration prepared services, on the basis of which courts acquire data from the tax register for needs of e-enforcement. The following services have been prepared: service for searching data about legal entities and individuals, who perform business activities, service for searching data about individuals, services for searching data about accounts and service for searching data about employments. Services submit data about taxpayers to the court on the basis of various criteria for enquiry certainly on condition that exactly one accurate hit is submitted to the court or none when there are several hits.

A completely new Standard Classification of Activities came into force on 1 January 2008, so this is the reason why the Tax Administration in 2008 in the tax register at legal entities and individuals, who perform business activities, brought codes of activities into line with the new Standard Classification of Activities. Data in tax records were also harmonised with transfers.

In 2008 in the system of tax register the Tax Administration provided the possibility of entry of the new type of individuals' activities, i.e. »non-registered activity of an individual – illegal work«. This type of activities is entered into the tax register on the basis of findings (assessment decision) of the inspector in the tax supervision procedure if it has been established that the individual performs illegal work.

In 2008 the tax register was partially already supplemented with improvements, proposed by tax offices on the basis of findings at their work, and with improvements, for which the General Tax Office determined that they would facilitate the work of tax offices with the system of tax register (upgrading the system with additional prints of lists of taxpayers, division of the register paper into the basic part and more detailed part, etc.).

In connection with improvement of data quality in the tax register several instructions were prepared for tax offices (e.g. double entries into the tax register, accurate entry of data about taxpayers' addresses in cases of existence of the addressee for deliveries, etc.) and published on the Intranet for the field of tax register.

The Tax Administration prepared various enquiries according to data from the tax register for needs of internal and external customers of tax register's data. Checking of data accuracy for individual customers was also conducted.

In relation to the Decree on assignment of a part of personal income tax for donations the Tax Administration upon request of the Ministry of Finance checked, harmonised and supplemented all data for the purpose of publishing of persons entitled to donations. Each month it participated in processing of payment of amounts of donations, so that it checked accuracy of registration data for these purposes (change of entitled person's address, open transaction account of the entitled person) and harmonised them also in the code table of business partners - MFERAC.

In 2008 the Tax Administration continued with clarification of data about taxpayers, who in the past were not managed correctly in the system of tax register and appeared at preparation of data for tax records.

The Tax Administration acquired data about permanent addressed of taxpayers abroad from the central register of citizens for needs of accurate data for assessment of personal income tax. Due to the fact that automatic import of data from the Central register of citizens was not possible (data were not in the structured form), the work was organised in such a way that data were (where they were at least partially usable) manually entered in the tax register at the General Tax Office.

In accordance with the annual plan in 2008 all regular tasks were performed (entry of new taxpayers into the tax register, issuing certificates on entry into the tax register, assigning tax numbers, maintenance of code tables in the tax register, preparation of replies to substantive questions from taxpayers and tax offices, assistance to users of tax register's system, monitoring of legislation, co-operation with administrators of databases, with which the Tax Administration exchanges data, and preparation of monthly statistics on taxpayers, entered into the tax register at to tax offices and local branches).

Tax accountancy

In 2008 a public tender was conducted for setting up the new tax information system, which will include also the central tax accountancy. Substantive requirements were prepared for establishing a modern central tax accountancy, which would include an analytical and collective record, which



means the analytical record of claims and obligations towards taxpayers, analytical record of claims and obligations towards recipients of funds, record of transactions of payments and refunds of taxes and provision of funds for refunds on subaccounts for payment of government revenues, for which the Tax Administration is the supervisor, analytical record of payments and refunds of taxes according to persons liable for tax and collective record of assessed, paid and refunded taxes. The tender was not successfully concluded. In 2009 the public tender for the new tax information system will be repeated. After selection of the provider the Tax Administration will continue with activities for setting up modern central tax accountancy according to rules of double entry accountancy and according to the Uniform plan of accounts for the budget and budget users.

In 2008 the Tax Administration dedicated a lot of activities to setting up of the central accountancy record (CKE), which would merge data from local accountancy records DP1, DP2, VAT and ISPO. At the end of 2008 the application was tested and the CKE will start operating in the first half of 2009.

In 2008 activities took place for setting up cash register operations for payment of taxes and other obligatory duties with cash and electronic money at tax offices. After conducted tender for information support to cash register operations and selection of the external provider substantive requirements were prepared, which are included into the business analysis. The Tax Administration will continue this work in 2009.

In 2008 new solutions were proposed and realised at recording assessment of personal income tax, central realisation of set-offs of rebates of personal income tax was introduced, central printing and sending of notices on set-offs and central printing and sending of notices with special money orders for rejected rebates on transaction accounts of taxpayers were implemented.

In the middle of 2008 the Tax Administration started implementing the provision of the Personal Income Tax Act on assigning a part of personal income tax for donations. It prepared 12,543 settlements and paid 2,430,536.66 EUR of donations to entitled persons, who were on the list of persons entitled to donations. In 2008 232,571 persons liable for personal income tax allocated a part of personal income tax for donations. In 2008 the Tax Administration paid donations on a monthly basis, but due to considerable risk of errors at monthly payments on the basis of final decisions on personal income tax assessment in the previous month and due to simplification of the procedure it proposed a change of the decree. The proposal introduces payment of donations only twice a year.

In accordance with Article 34 of the ZDS-1 the Tax Administration also in 2008 sent notices to taxpayers residents on the accountancy state of claims and obligations in connection with taxes on 31 August 2008. 1,251,303 notices on the accountancy state of claims and obligations were sent to taxpayers - residents, 341,565 notices for claims towards taxpayers, 191,916 notices for obligations towards taxpayers and 717,822 notices with the state zero, which means that there are neither claims nor obligations towards taxpayers.

On the basis of the Accountancy Act and Rules on Accountancy the Tax Administration established a system of rules and conducted inventory of claims and obligations towards taxpayers according to tax types on 31 December 2008. Inventory commissions at tax offices and the central inventory commission at the General Tax Office were appointed for realisation of this task. Instructions were prepared for work of inventory commissions. Instructions were also prepared for inventory of confiscated unsold movable property according to the situation on 31.12.2008.

Due to changes of legislation, which introduced a new DDV-O settlement on 1/1/2008, requests were prepared for changes of VAT application, which were completely realised. Two new internal underlying documents were added (for internal set-off and activating surplus) and supplemented application with opening of new accounts in classes 9 and 8. The automatic print of the set-off notice was prepared. Training was organised in connection with the new DDV-O settlement.

Refunds and set-offs of VAT were currently conducted, including also procedures of clarification of unsuccessful book entries of VAT payments, which are centrally processed, i.e. VAT refunds after settlement, VAT refunds in passenger transport services, to diplomatic and consular representatives and VAT refunds to taxpayers without the seat in Slovenia.

In October 2008 the Tax Administration started establishing a new scheme for VAT refunds to non-residents (taxpayers without the seat in the refund Member State, but with the seat in another Member



State) on the basis of Article 74 of the Value Added Tax Act (VAT refund). The system shall be established till 1 January 2010.

In accordance with the Rules on the form and method of keeping accountancy records at the Tax Administration of the RS the Tax Administration currently prepared accountancy reports for internal and external users on the basis of accountancy data. The completeness and timeliness of accountancy data are monitored with the Review on charges and payments of taxes and contributions for individuals as well as legal entities.

A1 report The review on charges, payments and state of taxes according to sub-accounts of government revenues is in accordance with Article 12 Paragraph 2 of the Rules on the form and method of keeping accountancy records in the Tax Administration of the RS sent on a monthly basis to the Ministry of Finance, Health Insurance Institute of Slovenia and Pension and Disability Insurance Institute of Slovenia. In 2008 A1 accountancy reports were prepared at the level of the Tax Administration as well as at tax offices. Joint A1 accountancy report includes data from DP1, DP2, DDV (VAT) and ISPO. A1 accountancy report is arranged according to sub-accounts of government revenues and according to government funds.

In accordance with “the Protocol on procedures for implementation of monthly harmonisation of records managed by the Tax Administration with the reports of the Public Payments Administration on paid and returned duties” the Tax Administration in 2008 conducted manual comparisons of the data from the payment transactions (B-2 UJP report) with the recorded data in the tax accountancy for the following duties: value added tax after settlement, corporate income tax, tax on salaries paid and two contributions of the Pension and Disability Insurance Institute, in 2008 it submitted a claim to the RRC for preparation of data for harmonisation of personal income tax - annual settlement, which will start implementing in 2009; a special table is prepared for other duties.

The account plan for recording of taxes and other obligatory duties was concurrently supplemented and currently adjusted to new requirements in relation to changes of regulations according to individual taxes. Proposals for the change of the Rules on subaccounts and method for payment of obligatory duties and other government revenues were submitted to the Commission for resolution of methodological questions from the field of public finance.

Tasks of write-off of statute-barred claims were monitored according to provisions of the act, which arranges the tax procedure, and joint reports of tax offices on establishing statute-barred tax debt were prepared. Arrangement of analytic accountancy record according to persons liable for tax in DP1 system on 01.01.2005 with the assistance of Tehtnica (Scales) programme was also monitored.

Also in 2008 the Tax Administration actively participated in audit procedures of the Court of Audit and audit procedures of the Internal Audit Department of the Tax Administration. They prepared required data and explanations for this purpose.

II. 2 TAX ENFORCEMENT

In 2008 501,302,510 EUR of debt was forcibly collected with various measures and activities. The annual plan of payments according to orders, reminders and telephone calls was exceeded for 36.6 percent with the above-mentioned amount. In comparison with 2007 the share of forcibly collected debt was higher for 92,421,159 EUR, which means 22.6 percent more. Stable legislation, which didn't require changes of computer programmes and possibility of central printing of reminders and orders via the authorised printing company, considerably influenced the achieved results in the field of tax enforcement.

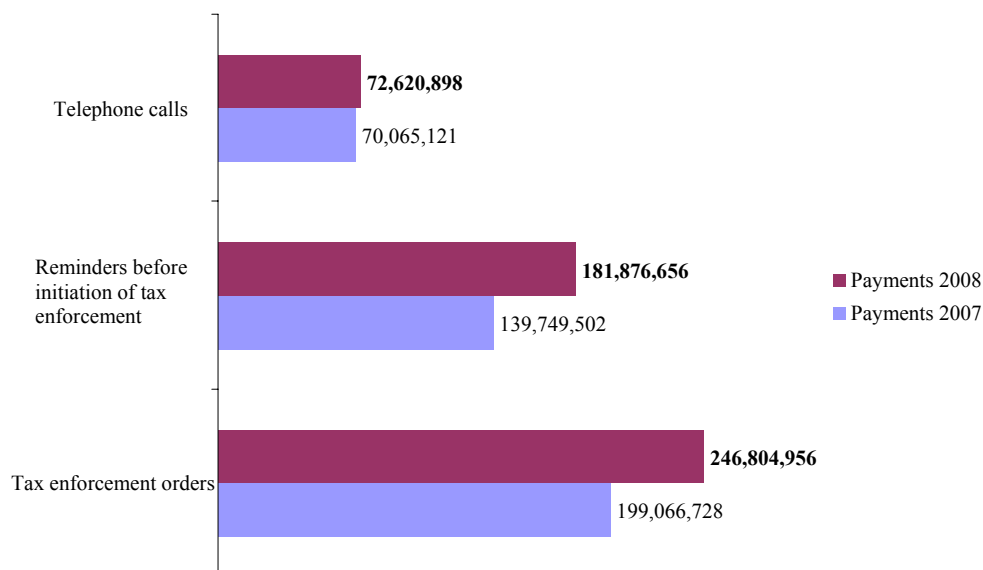
Enforcement (payments) of debt in 2008 and 2007

(in EUR)

Measures and activities	Annual plan 2008	Payments 2008	Percentage of 2008 annual plan realisation	Payments 2007	Index 08/07
Tax enforcement orders	179,618,190	246,804,956	137.4	199,066,728	124.0
Reminders before initiation of tax enforcement	124,450,924	181,876,656	146.1	139,749,502	130.1
Telephone calls	62,858,501	72,620,898	115.5	70,065,121	103.6
IN TOTAL	366,927,615	501,302,510	136.6	408,881,351	122.6

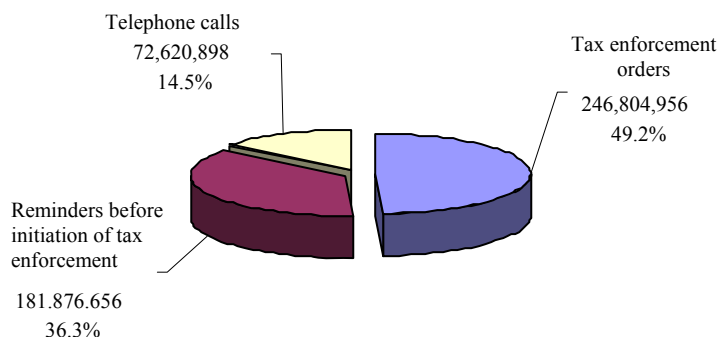


Amounts of payments according to conducted measures in 2008 and 2007 (in EUR)



The largest share of payments in 2008 belongs to payments according to orders, which means 49.2 percent of all payments. Then there are payments, received on the basis of sent reminders, with the share of 36.3 percent of all payments and payments on the basis of telephone enforcement with the share of 14.5 percent of all payments.

Payments according to conducted measures in 2008 (in EUR)



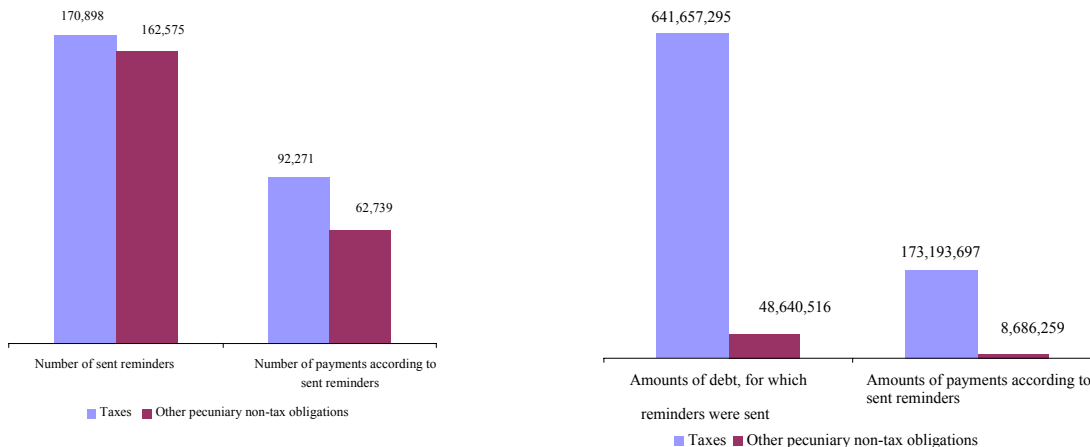
Sent reminders

In 2008 333,473 reminders for debt in the amount of 690,297,811 EUR were sent to debtors. The debt according to reminders was paid in the amount of 181,876,656 EUR. On the average 26.3 percent of debt according to reminders were also paid.

In 2008 in comparison with 2007 the number of sent reminders was 26,005, which means for 8.5 percent more reminders and on the basis of reminders 42,127,154 EUR were received, which means 30.1 percent more payments. The realisation of reminders was in 2008 for 1.8 percent higher than in 2007.



Number and amount of sent reminders in 2008 (in EUR)



170,898 reminders (51.2 percent of all) in the amount of 641,657,295 EUR (93.0 percent of the whole amount) were sent to debtors, who have non-paid taxes, and 162,575 reminders (48.8 percent of all) in the amount of 48,640,516 EUR (7.0 percent of the whole amount) to debtors, who have non-paid other non-tax obligations.

Taxes were paid in 92,271 cases in the amount of 173,193,697 EUR (95.2 percent of the whole amount) and other non-tax obligations in 62,739 cases in the amount of 8,682,959 EUR (4.8 percent of the whole amount).

On the average debtors, who had non-paid taxes, paid the debt after reminder in the share of 27.0 percent and debtors, who had non-paid other non-tax obligations, paid only 17.9 percent of debt.

Number and amount of sent and paid reminders in 2008 according to the status of taxpayers (in EUR)

Status	Sent reminders		Paid reminders		Percentage of payments
	Number	Amount	Number	Amount	
Individuals	293,653	312,079,876	118,661	58,593,840	18.8
Legal entities	39,820	378,217,935	36,349	123,282,816	32.6
IN TOTAL	333,473	690,297,811	155,010	181,876,656	26.3

Even 88.1 percent of all reminders (in numbers) were sent to individuals and 11.9 percent to legal entities. It is evident from the table that the percentage of debt, which was paid according to sent reminders, was at legal entities 32.6 and at individuals only 18.8 percent.

Telephone enforcement

Tax offices use telephone enforcement, which has proved as very successful, mainly at enforcement at legal entities, for several years. On the basis of telephone calls debtors in 2008 paid 72,620,898 EUR of debt.

In 2008 in comparison with 2007 1,763 telephone calls were conducted or 9.3 percent less telephone calls for payment of tax debt. Despite the lower number of telephone calls in 2008 the amount of received payment was for 2,555,777 EUR higher, which means 3.6 percent more payment.

Effects of telephone enforcement in 2008 (in EUR)

Status	Forcibly collected debt		Paid debt		Percentage of payments
	Number	Amount	Number	Amount	
Individuals	9,379	20,823,731	7,711	13,668,770	65.6
Legal entities	7,852	71,776,324	6,730	58,952,128	82.1
IN TOTAL	17,231	92,600,055	14,441	72,620,898	78.4



Tax enforcement orders

In 2008 176,272 orders for debt were issued in the amount of 559,484,370 EUR. The debt on the basis of issued orders was paid in the amount of 246,804,956 EUR. On the average 44.1 percent of debt according to orders were also paid.

In 2008 in comparison with 2007 the number of issued orders was 50,619, which means for 40.3 percent more orders and the claimed amount was higher for 110,061,517 EUR, which means for 24.5 percent more debt. Enforcement with issued orders means for 47,738,228 EUR or 24.0 percent more forcibly collected debt than in the previous year. The realisation of orders was in 2008 for 0.2 percent lower than in 2007.

Number and amount of issued and paid orders in 2008 (in EUR)



72,660 orders (41.2 percent of all) were issued for non-paid taxes for debt in the amount of 521,220,748 EUR (93.2 percent of the whole amount) and 103,612 orders (58.8 percent of all) in the amount of 38,263,622 EUR (6.8 percent of the whole amount) for other non-tax obligations.

Debtors, who had non-paid taxes, paid the debt according to orders in the amount of 234,879,279 EUR (95.2 percent of the whole amount) and debtors, who had non-paid other non-tax obligations, paid the debt in the amount of 11,925,677 EUR (4.8 percent of the whole amount).

On the average debtors, who had non-paid taxes, paid the debt after order in the share of 45.1 percent, and debtors, who had non-paid other non-tax obligations, on the average paid only 31.2 percent of debt.

Number and amount of issued and paid orders in 2008 according to taxpayer's status (in EUR)

Status	Issued tax enforcement orders		Payments according to issued tax enforcement orders		Percentage of payments
	NUMBER	Amount	Number	Amount	
Individuals	157,613	255,522,999	182,032	118,087,808	46.2
Legal entities	18,659	303,961,371	39,479	128,717,148	42.3
IN TOTAL	176,272	559,484,370	221,511	246,804,956	44.1

157,613 orders (89.4 percent of all) were sent to individuals for debt in the amount of 255,522,999 EUR (45.7 percent of the whole amount) and 18,659 orders (10.6 percent of all) to legal entities in the amount of 303,961,371 EUR (54.3 percent of the whole amount).

On the basis of issued orders individuals paid the debt in the amount of 118,087,808 EUR (47.8 percent of the whole amount) and legal entities the debt in the amount of 128,717,148 EUR (52.2 percent of the whole amount). At individuals we notice a slightly higher percentage of payments according to orders than the average one, i.e. 46.2 percent.



Tax enforcement orders according to the enforcement method

Tax enforcement from pecuniary allowances, pecuniary funds on accounts or from debtor's claims

In 2008 176,272 tax enforcement orders were issued for debt in the amount of 559,484,370 EUR, out of this number there were:

- 102,671 orders (58.2 percent of all orders) on pecuniary funds at banks and savings banks for debt in the amount of 321,110,692 EUR (57.4 percent of the whole debt),
- 63,269 orders on pecuniary allowances (35.9 percent of all orders) for debt in the amount of 56,660,077 EUR (10.1 percent of the whole debt),
- 9,213 orders on movable property (5.2 percent of all orders) for debt in the amount of 167,496,480 EUR (29.9 percent of the whole debt) and
- 1,119 orders on debtor's claims (0.6 percent of all orders) for debt in the amount of 14,217,121 EUR (2.5 percent of the whole debt).

The debt on the basis of issued orders was paid in the amount of 246,804,956 EUR as follows:

- in cases of enforcement on pecuniary funds at banks and savings banks the debt in the amount of 192,992,710 EUR (78.2 percent of the whole amount) was paid,
- in cases of enforcement on movable property and dematerialised securities the debt in the amount of 31,189,359 EUR (12.6 percent of the whole amount) was paid,
- in cases of enforcement on debtor's pecuniary allowances the debt in the amount of 15,576,676 EUR (6.3 percent of the whole amount) was paid and
- in cases of enforcement on debtor's claims the debt in the amount of 7,046,211 EUR (2.9 percent of the whole amount) was paid.

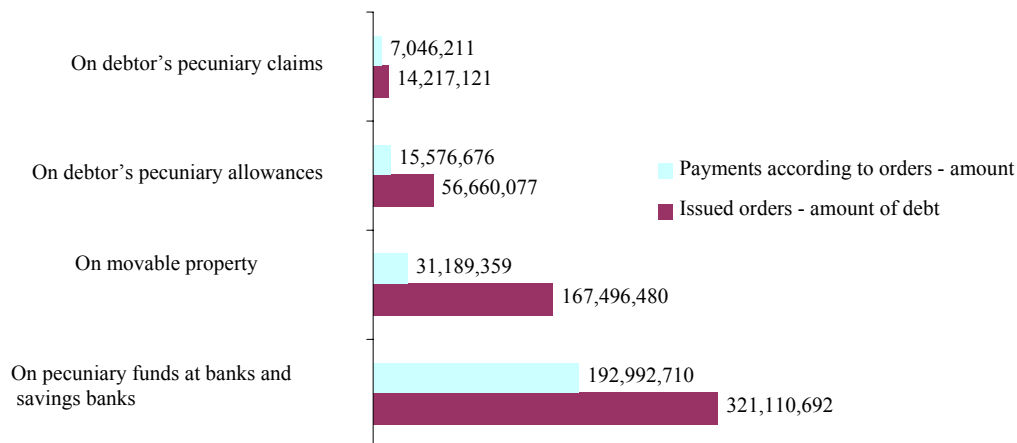
Tax enforcement orders according to the enforcement method in 2008 (in EUR)

Type of enforcement	Issued orders		Percentage of issued orders	Payments on the basis of issued orders		Realisation
	Number	Amount of debt		Number	Amount of payments	
On funds at banks and savings banks	102,671	321,110,692	58.2	128,798	192,992,710	60.1
On pecuniary income	63,269	56,660,077	35.9	85,644	15,576,676	27.5
From debtor's claims	1,119	14,217,121	0.6	585	7,046,211	49.6
Administrative enforcement - in total	167,059	391,987,890	94.8	215,027	215,615,597	55.0
From movable property	9,213	167,496,480	5.2	6,484	31,189,359	18.6
IN TOTAL	176,272	559,484,370	100.0	221,511	246,804,956	44.1

All tax enforcement methods are not equally successful. The best results are noticed at orders, issued on pecuniary funds at banks and savings banks, where the achieved realisation of orders is 60.1 percent. Then there are orders from debtor's claims with the realisation of 49.6 percent and orders, issued on pecuniary allowances, with the realisation of 27.5 percent. The lowest realisation is achieved at tax enforcement on movable property (18.6 percent).



Orders in 2008 according to the enforcement method (in EUR)



Enforcement orders according to types of obligations

In 2008 the amount of issued orders for debt in connection with domestic taxes on goods and services was 226,825,939 EUR (40.5 percent of the whole amount), in connection with taxes on income and profit – 138,811,421 EUR (24.8 percent of the whole amount), social security contributions in the amount of 136,962,346 EUR (24.5 percent of the whole amount) and all other taxes in the total amount of 56,884,664 EUR (10.2 percent of the whole amount).

The largest amount of debt on the basis of issued tax enforcement orders was forcibly collected in connection with domestic taxes on goods and services - 100,698,636 EUR (40.8 percent of the whole amount), social security contributions in the amount of 71,352,440 EUR (28.9 percent of the whole amount), taxes on income and profit – 54,045,609 EUR (21.9 percent of the whole amount) and other taxes - 20,708,271 EUR (8.4 percent of the whole amount).

Tax enforcement performance according to types of obligations in 2008 (in EUR)

Types of liabilities	Amount of debt, for which orders were issued	Payments according to orders	Percentage of forcibly collected debt	Percentage of issued orders	Percentage of paid orders
Social security contributions	136,962,346	71,352,440	52.1	24.5	28.9
Domestic taxes on goods and services	226,825,939	100,698,636	44.4	40.5	40.8
Taxes on income and profit	138,811,421	54,045,609	38.9	24.8	21.9
Obligations, which are only forcibly collected by the Tax Administration of the Republic of Slovenia	38,263,620	11,925,677	31.2	6.8	4.8
Taxes on property	6,258,483	4,283,307	68.4	1.1	1.7
Non-tax revenues	3,419,964	1,365,813	39.9	0.6	0.6
Taxes on payroll and workforce	3,634,227	1,826,468	50.3	0.6	0.7
Other taxes (also membership fees)	5,308,370	1,307,006	24.6	0.9	0.5
IN TOTAL	559,484,370	246,804,956	44.1	100.0	100.0

TAX ENFORCEMENT ON MOVABLE PROPERTY

If tax enforcement from pecuniary allowances, pecuniary funds on accounts or from debtor's claims is not successful, then the tax authority initiates enforcement from movable property. Before delivery of the order on tax enforcement from movable property the tax authority calls the debtor to pay obligations, which are due and non-paid, before confiscation, appraisal and sale of confiscated items and in this way the debtor would avoid also costs, which are connected with enforcement from



movable property. Before confiscation, appraisal and sale of property in 2008 even 2,693 debtors paid their debts in the amount of 20,303,389 EUR.

In the confiscation procedure the tax authority has established in 4,846 cases that debtors, who have debt in the amount of 88,734,212 EUR, don't possess movable property, from which debt may be paid.

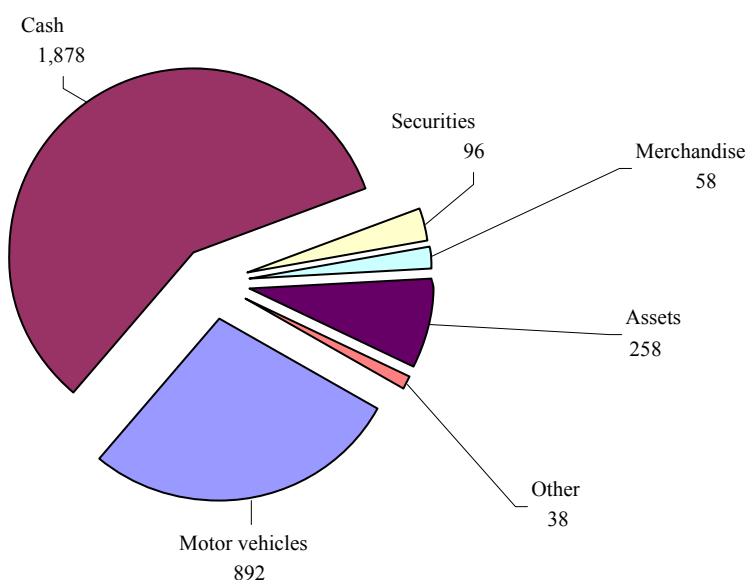
The tax authority conducted confiscation and appraisal of movable property at debtors, who failed to pay tax debt despite tax authority's call. In 2008 3,220 cases of confiscation of movable property were conducted, the value of which was 16,629,756 EUR. In comparison with 2007 there were 116 (for 3.5 percent) less confiscation cases of items. This is the reason why also the estimated value of confiscated items was lower for 1,555,755 EUR (for 8.6 percent).

Comparison of the number of confiscation minutes and realised minutes in 2008 with 2007 (in EUR)

Confiscation cases	2008			2007			Index 08/07
	Number of confiscation minutes	Number of realised confiscation minutes	Payments	Number of confiscation minutes	Number of realised confiscation minutes	Payments	Number of confiscation minutes
Securities	96	93	63,911	226	183	565,340	42.5
Cash	1,878	1,854	1,147,585	1,665	1,679	966,772	112.8
Motor vehicles	892	225	414,838	1071	209	358,227	83.3
Assets	258	89	440,806	243	51	286,460	106.2
Merchandise	58	22	29,857	66	7	11,386	87.9
Other movable property	38	29	134,256	65	25	95,454	58.5
IN TOTAL	3,220	2,312	2,231,253	3,336	2,154	2,283,639	96.5

In 2008 tax collectors most frequently confiscated cash (58.3 percent of all confiscated cases), then motor vehicles (27.7 percent), assets (8.0 percent) and securities (3.0 percent). Merchandise (1.8 percent of all confiscation cases) and other movable property (1.2 percent) were less frequently confiscated.

Number of confiscated items of movable property according to types of confiscated items in 2008



Enforcement from movable property is frequent at activities, for which operations in cash are characteristic, so that confiscation of cash is the most successful enforcement method because there are no inflows on accounts at banks and savings banks at the above-mentioned debtors.

In 2008 tax collectors conducted 1,878 confiscation cases of cash at tax debtors (providers of services for guests, traders and other taxpayers, who operate in cash). The amount of tax debt, paid in this way,



was 1,147,585 EUR. There were 892 confiscation cases of motor vehicles in the estimated value of 5,564,803 EUR. Vehicles were sold in 225 cases and the achieved amount of profit was 414,838 EUR. Assets were confiscated in 258 cases in the estimated value of 4,324,294 EUR. With their sale in 89 cases the profit was achieved in the amount of 440,806 EUR. There were 96 confiscation cases of securities in the amount of 313,447 EUR. With the sale of securities the tax debt was paid in the amount of 63,911 EUR. Merchandise were confiscated in 58 cases in the estimated value of 4,927,474 EUR. The confiscated goods were sold in 22 cases and the debt was paid in the amount of 29,857 EUR. Other goods were confiscated in 38 cases in the estimated value of 334,658 EUR. The debt was paid with the sale in the amount of 134,256 EUR.

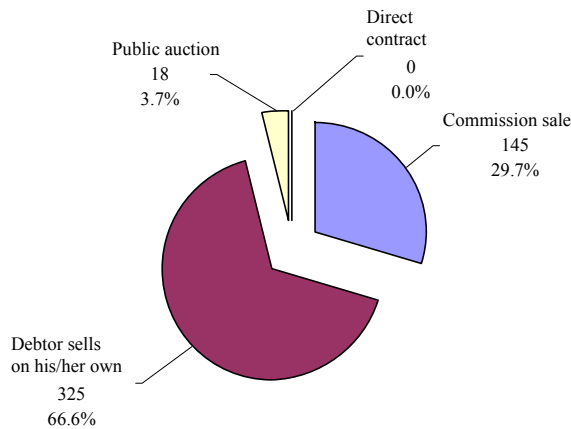
The tax authority attempted to sell the confiscated items (with estimated value 4,173,726 EUR) at the public auction, with a tender, direct contract, commission contract or in a way that the debtor was given an authorisation that he/she might sell the confiscated items him/herself. With the sale of some confiscated items the debt was paid in the amount of 1,241,025 EUR.

In 2008 there were 210 conducted sales or 34.8 percent of sales less than in the previous year. The sale profit was 1,108,202 EUR or for 47.2 percent lower than in 2007.

Comparison between the number of conducted sales and profit from sales in 2008 and 2007

Method of sale	2008		2007		Index of the number of conducted sales 08/07	Index of sale profit 08/07
	Number of conducted sales	Sale profit in EUR	Number of conducted sales	Sale profit in EUR		
Commission sale	145	609,990	472	1,727,072	30.7	35.3
Debtor sells on his/her own	325	609,465	237	531,872	137.1	114.6
Public auction	18	21,570	38	80,669	47.4	26.7
Direct contract	0	0	1	9,614	0.0	0.0
IN TOTAL	488	1,241,025	748	2,349,227	65.2	52.8

Number of sales of confiscated items according to sale methods in 2008



According to data from tax offices in 2008 the most frequent sale method was sale of movable property according to the debtor. The most frequent sale method in 2007 was sale with the commission contract. In 2008 the debtor sold movable property on his/her own in 449 cases. The estimated value of the property was 1,579,601 EUR and the achieved purchase price in 325 cases was 609,465 EUR. 165 cases of movable property sale were conducted in 2008 via commission trade. The estimated value of confiscated items was 1,761,122 EUR. The debt was paid with the sale of items in the amount of 609,990 EUR.

In 2008 the tax authority called 126 public auctions for the sale of confiscated property. The estimated value of items sold was 832,003 EUR. Only 18 public auctions were successfully conducted, where the profit achieved with the sale of movable property was 21,570 EUR.



The Tax Administration has also a possibility of selling the confiscated movable property with a direct contract. This is allowed in cases when the confiscated items are animals, confiscated perishable goods, the storing of which is connected with high costs, or movable property, the selling of which was unsuccessful at the public auction. In 2008 only one sale with a direct contract was concluded. The estimated value of confiscated items was 1,000 EUR. There were no recorded payments.

In 2008 the best realisation was recorded in relation to the estimated value of movable property at the sale of movable property according to the debtor, i.e. 38.5 percent. At the sale of movable property at public auctions in 2008 the recorded realisation was only 2.6 percent.

Entry of lien and proposals to the court for appraisal and sale of immovable property and share of the partner

The tax authority decides for enforcement on debtor's immovable property when all other methods, which are envisaged by the law in the tax enforcement procedure, are exhausted.

In 2008 entries of lien on debtor's immovable property were executed at 316 debtors for the debt in the amount of 17,432,280 EUR. Debtors were legal entities in 24 cases and their debt was 8,181,715 EUR. There were 292 cases, where debtors were individuals and their debt was 9,250,565 EUR.

The Tax Administration requested enforcement on immovable property in 199 cases for the debt in the amount of 33,318,543 EUR. Debtors were legal entities in 24 cases and their debt was 12,113,527 EUR. There were 175 cases, where debtors were individuals and their debt was 21,205,016 EUR.

On the basis of Slovenian Tax Administration's proposals the court executed 153 enforcement cases, where the tax debt in the amount of 1,371,635 EUR was paid with the sale of immovable property of debtors (9 legal entities and 144 individuals).

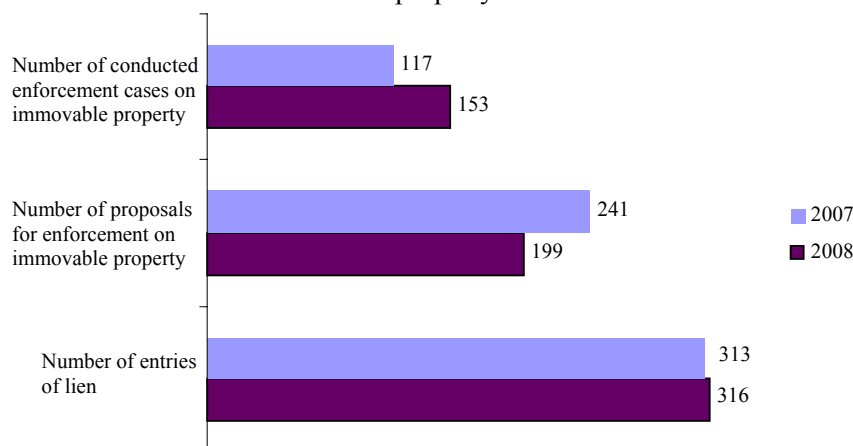
Tax enforcement on immovable property in 2008 and 2007 (in EUR)

	2008	2007	Index 08/07
Entry of lien on immovable property			
Number	316	313	101.0
Amount of debt in EUR	17,432,280	10,290,450	169.4
Debtor - individual	292	296	98.6
Debtor – legal entity	24	17	141.2
Proposals for enforcement on immovable property			
Number	199	241	82.6
Amount of debt in EUR	33,318,543	10,362,844	321.5
Debtor - individual	175	228	76.8
Debtor – legal entity	24	13	184.6
Conducted enforcement cases			
Number	153	117	130.8
Debt paid in EUR	1,371,635	788,048	174.1

In 2008 there were 3 executed entries of lien on immovable property more than in 2007. There were 42 submitted proposals for enforcement on debtor's immovable property less than in the previous year and 36 conducted sales more than in the previous year. With the sale of debtors' immovable property the amount of paid debt was higher than in 2007 for 583,587 EUR or for 74.1 percent.



Tax enforcement on immovable property in 2008 and 2007



Proposals for initiation of the bankruptcy procedure

The tax authority proposes initiation of the bankruptcy procedure against insolvent legal entities and sole entrepreneurs with too large debts, to whom the debt increases every year and at the same time they don't have property of significant value at their disposal.

In 2008 the Tax Administration required initiation of bankruptcy procedure against 136 debtors, who owed 13,785,348 EUR. Debtors were legal entities in 49 cases and their debt was 9,140,040 EUR. There were 87 cases, where debtors were sole entrepreneurs and their debt was 4,645,308 EUR.

The court concluded bankruptcy procedures in 7 cases. The debt was paid from bankrupt's estate in the amount of 77,137 EUR. All concluded bankruptcy procedures were against sole entrepreneurs. There were no concluded bankruptcy procedures against legal entities in 2008. In comparison with 2007 the number of proposals for initiation of the bankruptcy procedure was lower for 26 and the amount of paid debt was lower for 23,799 EUR or for 23.6 percent.

II. 3 TAX SUPERVISION

All activities in the field of tax supervision in 2008 were directed into achieving of the basic Tax Administration's objective, which is maximum tax compliance. The Tax Administration encouraged taxpayers to voluntary tax compliance with harmonised work in all supervision fields and directed supervision procedures mainly into those fields, where significant risks have been detected for tax avoidance and tax evasion.

In the field of control and tax assessment the tax supervision participated in preparation of proposals of acts and implementing regulations and simpler and more transparent forms of tax returns and settlements. It also participated in implementation of eDavki (eTaxes) system and it prepared algorithms and controls on forms, which are incorporated in eDavki with the purpose that they assist taxpayers in accurate fulfilment of tax settlements and returns. Considerable progress at assessment of personal income tax was issuing of informative calculations of personal income tax for 2007 and introduction of individual REK forms for all employees was a very demanding task.

In the field of tax audit supervision the Tax Administration focused special attention on combatting tax evasion of missing trader companies and illegal work. It organised project management of audit supervision and conducted target-oriented audits for supervision in activities, where considerable risks were detected for tax evasion (construction and trade with motor vehicles, income of individuals) for provision of uniform conduct and achieving larger effectiveness. Such approach has proven to be highly effective because it exceeded the planned number of audits for 5.5 percent and planned effects of audits for even 21.2 percent.



The Tax Administration has informed taxpayers about fields, to which tax supervision will be focused, and encouraged voluntary disclosure. The result of this is that more and more taxpayers decide for voluntary disclosure and pay non-paid tax obligations on a voluntary basis, with which they avoid sanctions for tax offences. The public was concurrently informed also about discovered irregularities in coordinated audits, with which the Tax Administration also contributed to promotion of tax discipline.

Work of the Unit for investigation and analysis was directed into discovering of tax frauds. Tax investigators collected and analysed data about taxpayers mainly from the field of trade with motor vehicles and construction and conducted registration procedures for property of individuals. Where the suspicion of violation of taxation regulations was confirmed, the matter was submitted to the tax auditing and the result of this was that in the structure of audit effects one eighth of effects was achieved directly on the basis of previous tax investigations' findings. Cooperation with the police and office of the prosecutor was estimated as successful because both of them together concluded the pre-trial criminal procedure at one of companies, which organised the network of missing trader companies and in the business it acts as a broker.

Due to fast increase of over-border transactions the international information exchange has an increasingly important role in tax supervision. Tasks in this field are implementation of legal order in the field of mutual assistance and effective actions at detected tax evasion within the Community and implementation of individual tasks from treaties on avoidance of double taxation. In 2008 activities were directed into timely and qualitative exchange of data in the field of direct and indirect taxes and mutual administrative assistance at collection of taxes among competent bodies.

In 2008 special attention was focused on uniform decision-making and equal and legal treatment of taxpayers. This was conducted with preparation and supplementing of uniform instructions and manuals for controllers as well as for inspectors, realisation of training workshops and seminars and with activities of expert groups for assistance in resolving the most demanding questions. The Second Tax Conference was focused on combating tax evasion.

Control

The role of the General Tax Office (GDU) in the process of receiving, processing and supervision over tax settlements increases considerably with the transfer to obligatory filing of settlements via eDavki (eTaxes). The role of controllers at tax offices significantly changes in new conditions. Gradually (probably till the end of 2009) the whole entry of settlements will fall away. Due to incorporated controls (work of the GDU) a large part of settlements, which are not eliminated by the system (algorithm or system is defined at the GDU), is recorded directly without interventions of controllers.

Special attention was focused on supervision over taxpayers in the office (desk audit). This is a demanding task, which requires a lot of expertise, harmonisation and gradual training of controllers.

The increasing number of tasks takes place centrally with the change of legislation and centralisation of assessment procedures at the Tax Administration – they are managed and directed by the GDU. The central programme support for receiving (valid for eDavki), entry and processing of data from tax returns (for example: annual personal income tax assessment, which is the most numerous according to the number of issued documents) is in the process of preparation in a similar way as at tax settlements.

For taxes, which are assessed on the basis of data from official records (for example: agriculture, forest roads, land reclamation), the majority of assessment is technically conducted at the GDU. If the number of decisions is significant, they are also issued centrally as a rule. Controllers are as a rule included into intermediary phases of data control and entry of special data for individuals, which the Tax Administration doesn't receive from other authorities.

Entry and preparation of data is still conducted at tax offices at some types of taxes (capital gains, interest, rents), where the role of the GDU includes preparation of programmes, instructions and monitoring the assessment.

There are also types of taxes (for example: subtypes of personal income tax, assessment of advance payment of tax on foreign income and income of individuals, received from other individuals), where



programme support still doesn't exist despite the fact that requests have been prepared long ago. All decisions are prepared manually in Word at tax offices. The GDU as a rule prepares only samples of decisions and substantive instructions for work.

In the field of the compensation for the use of building land (NUSZ), which takes place on the basis of municipal ordinances and data, which are provided by municipalities, the GDU role is in relation to operational implementations quite small (preparation of programme support and instructions for implementation of assessment). The majority of operational tasks is conducted at tax offices. The printing is centralised.

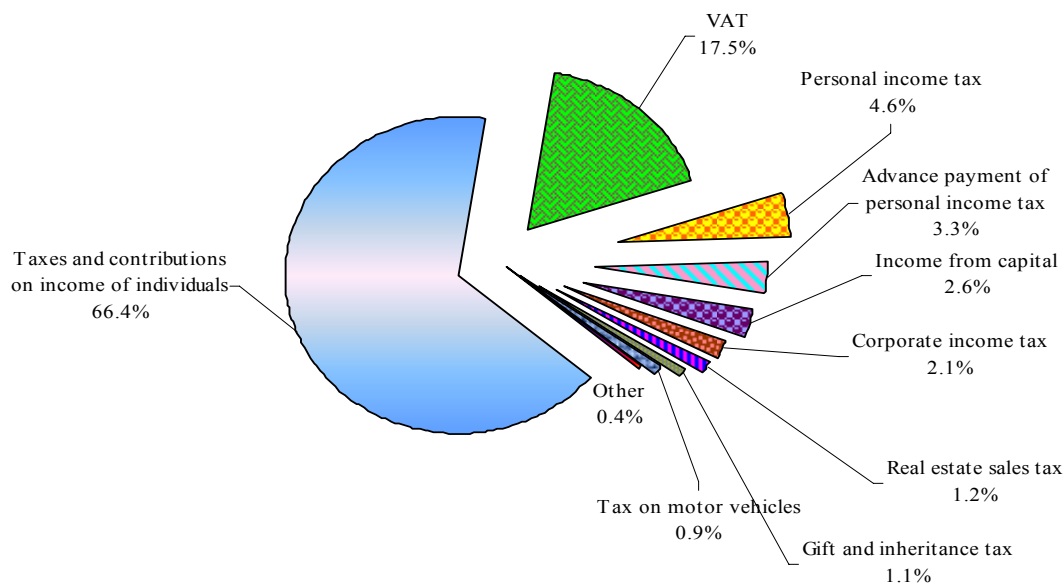
Despite problems and some tasks, which were not realised, in 2008 the Tax Administration achieved and exceeded the planned objectives in the field of control.

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	4,950,182	4,212,269	85.1	5,256,251	80.1
Input documents, received via eDavki (eTaxes), out of this number	–	1,674,448	–	–	–
2. Number of output documents	2,719,580	2,695,888	99.1	2,633,753	102.4
3. All documents in total (1. + 2.)	7,669,762	6,908,157	90.1	7,890,004	87.6
4. Number of cases with discovered irregularities	–	65,590	–	92,274	71.1
5. Number of voluntary disclosure cases	–	9,053	–	8,562	105.7
6. Effect of discovered irregularities - additionally assessed tax in EUR	29,114,092	46,655,010	160.2	42,454,198	109.9
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	9,999,624	–	8,007,686	124.9
8. Effect of control in total – additionally assessed tax in EUR	–	56,654,634	–	50,461,884	112.3

In 2008 controllers received 4,212,269 tax returns, settlements and other forms or for 19.9 percent less than in 2007 and for 14.9 percent less than it was planned for 2008. The largest fall in the number of input documents is noticed in the field of annual assessment of personal income tax due to simplification of the procedure for personal income tax assessment for taxpayers. The large majority of persons liable for personal income tax didn't have to file tax returns for assessment of personal income tax anymore for 2007 because the Tax Administration issued informative calculations of personal income tax, which became decisions on assessment of personal income tax under certain conditions. In 2008 there were 1,674,448 or 39.7 percent of all input documents, received via eDavki. Taxpayers submitted 9,053 settlements or tax returns as voluntary disclosure.

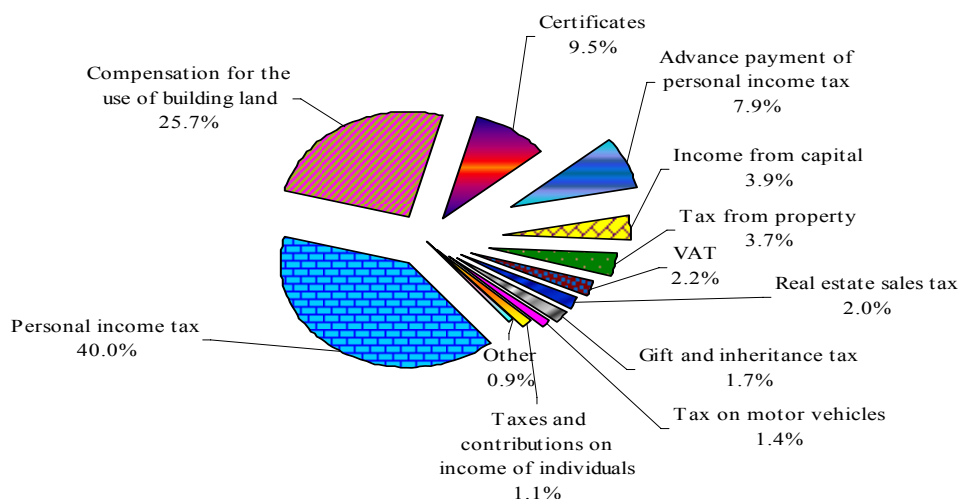


Structure of input documents in 2008 according to tax types



In 2008 controllers issued in total 2,695,888 documents, 139,122 decisions out of this number according to the shortened procedure in the form of the stamp, 2,266,251 decisions, 37,253 orders and notices according to Article 50 of the ZDavP and they issued 253,262 certificates or 2.4 percent more documents than in 2007 and 0.9 percent less than we planned for 2008. The largest share of output documents represent issued documents in the field of personal income tax. They include issued informative calculations of personal income tax, issued decisions on the basis of tax returns of taxpayers, appeals against informative calculations of personal income tax and orders on cessation of the procedure, in cases of tax returns, which were filed by persons not liable for tax (non-residents, tax returns without income, tax returns only with income abroad, which is not taxable under the Convention on avoidance of double taxation-KIDO).

Structure of output documents in 2008 according to tax types





At control of submitted returns and settlements many irregularities were discovered, e.g. non-filed tax returns and settlements, settlement according to wrong rates, forms of tax returns and settlements and attachments to settlements filled in incorrectly or incompletely, inconsistency in connection with control data, incorrect enforcement of relief, non-paid taxes or their late or insufficient payment, payment of taxes to wrong accounts, etc.

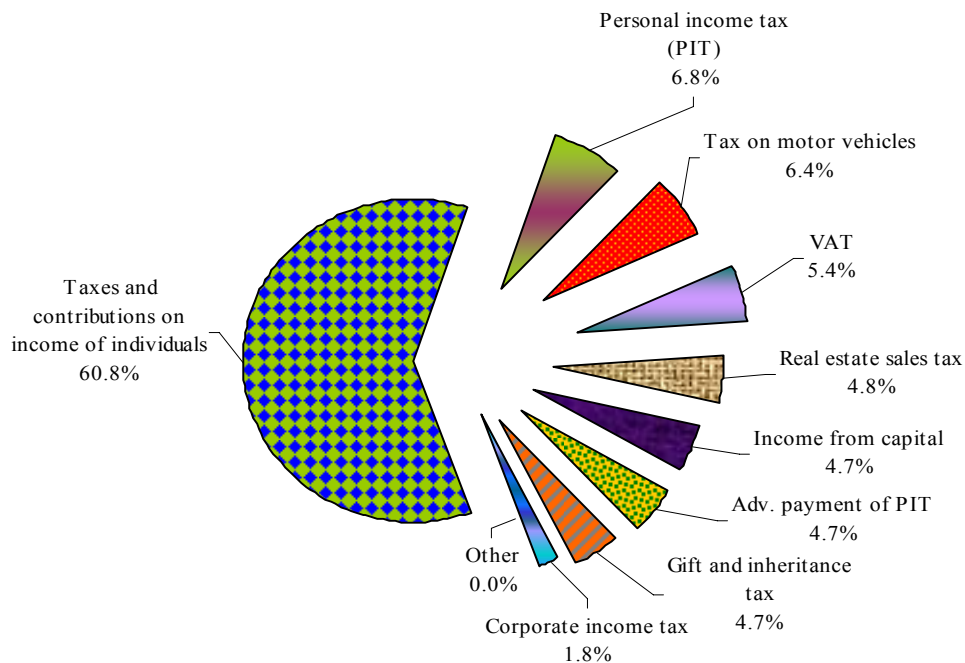
There were 65,590 established irregularities or 28.9 percent less than in 2007 and 9,053 filed settlements or tax returns of taxpayers as voluntary disclosure or 5.7 percent more than the year before.

There was a considerable decrease in the number of discovered irregularities at assessment of personal income tax, which is a consequence of the changed method for assessment of personal income tax, improved quality of data from payers and other taxpayers for provision of data and shift of checking the accuracy of data from payers of income with withholding tax settlements (REK forms, payrolls), submitted during the year.

	Realisation 2008	Realisation 2007	Index 08/07
Number of cases with discovered irregularities	65,590	92,274	71.1
Number of voluntary disclosure cases	9,053	8,562	105.7
Effect of discovered irregularities - additionally assessed tax in EUR	46,655,010	42,454,198	109.9
Effect of voluntary disclosure – additionally assessed tax in EUR	9,999,624	8,007,686	124.9
Effect of control in total – additionally assessed tax in EUR	56,654,634	50,461,884	112.3

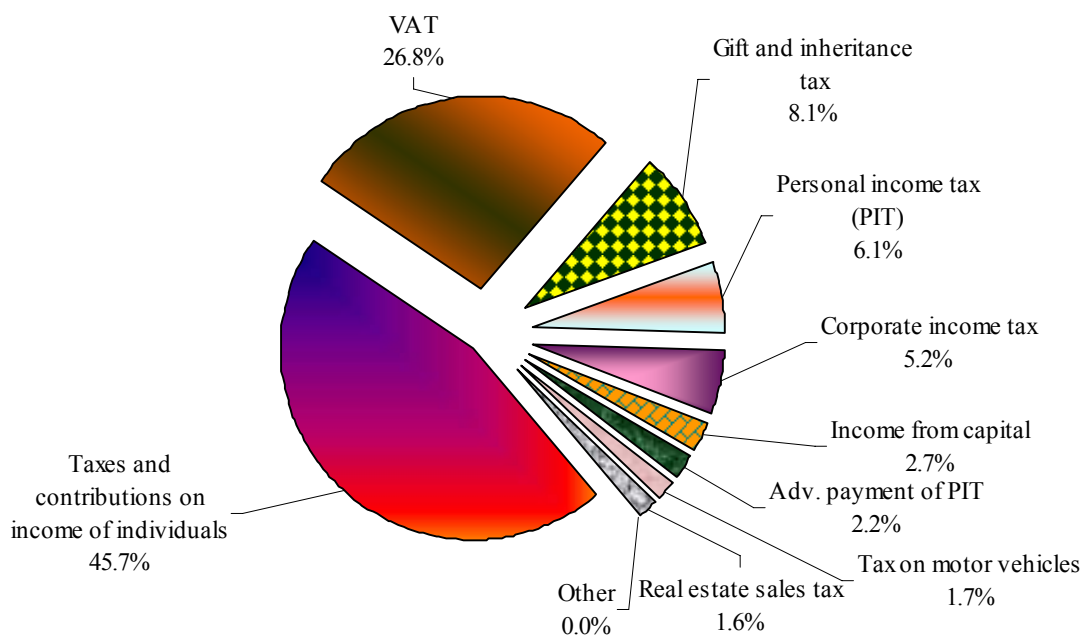
The effect of discovered irregularities is the additionally assessed tax in the amount of 46,655,010 EUR or 9.9 percent more than in the previous year. The effect of voluntary disclosure is the additionally assessed tax in the amount of 9,999,624 EUR or for 24.9 percent more than in 2007. The total amount of additionally assessed tax is 56,654,634 EUR or for 12.3 percent more than in 2007 despite the fact that the number of discovered irregularities in comparison with the previous year decreased. The increase in additionally assessed tax is a consequence of the change method of conducting supervision over individual tax types.

Structure of discovered irregularities in 2008 according to tax types



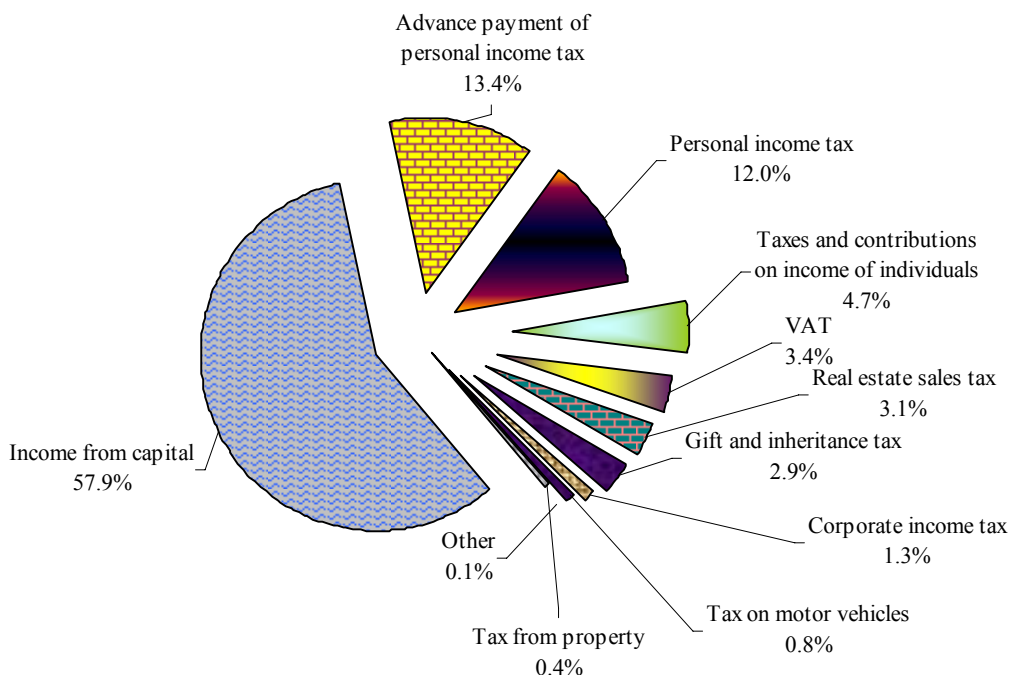


Structure of additionally assessed tax from discovered irregularities in 2008 according to tax types



In 2008 taxpayers submitted 9,053 settlements or tax returns as voluntary disclosure or 5.7 percent more than in the year before.

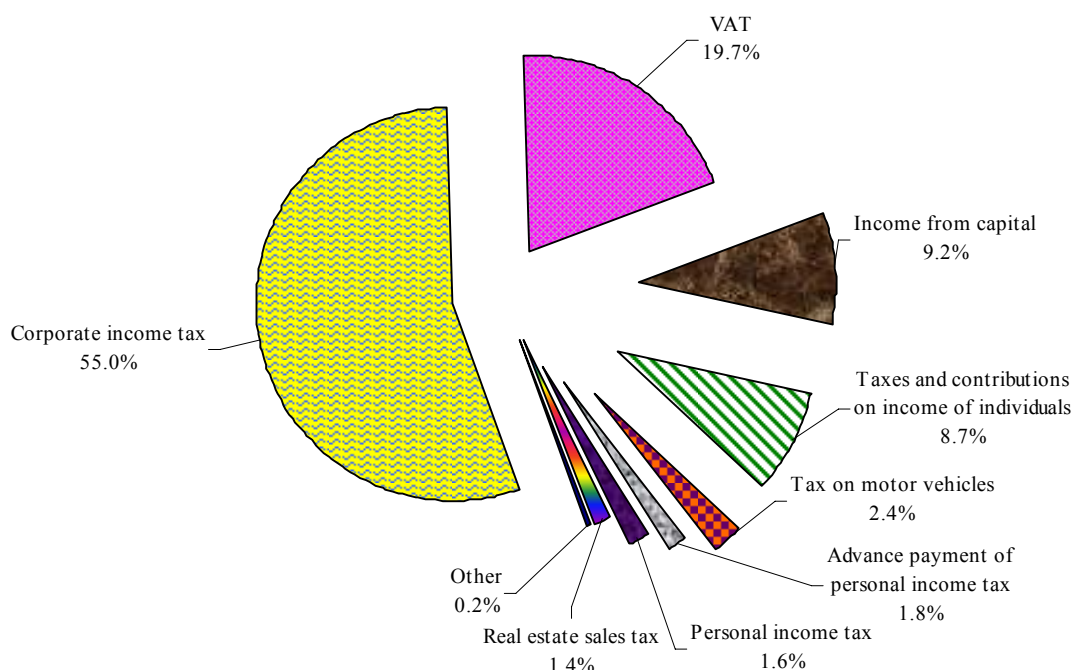
Structure of the number of voluntary disclosure cases in 2008 according to tax types



The effect of controlling tax settlements and returns doesn't reflect only in the number of discovered irregularities, but as additionally assessed tax and as preventive effect of concurrent supervision, which reflects in the higher level of voluntary tax compliance. Additionally assessed tax on the basis of voluntary disclosure of taxpayers together with the "net" effect of controlling is revealed in control as total effect of control.



Structure of additionally assessed tax from voluntary disclosure in 2008 according to tax types



CONTROL ACCORDING TO TAX TYPES

TAXES AND CONTRIBUTIONS FROM PERSONAL ALLOWANCES - IN TOTAL

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	3,526,347	2,795,774	79.3	2,807,315	99.6
Input documents, received via eDavki (eTaxes), out of this number	–	1,177,534	–	352,968	–
2. Number of output documents	42,931	29,954	69.8	28,348	105.7
3. All documents in total (1. + 2.)	3,569,278	2,825,728	79.2	2,835,663	99.6
4. Number of cases with discovered irregularities	–	39,892	–	46,400	86.0
5. Number of voluntary disclosure cases	–	426	–	368	115.8
6. Effect of discovered irregularities - additionally assessed tax in EUR	14,871,189	21,311,150	143.3	18,419,890	115.7
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	870,372	–	1,292,588	67.3
8. Effect of control in total – additionally assessed tax in EUR	–	22,181,522	–	19,712,478	112.5

Control of taxes and contributions from personal allowances, which includes entering, processing and control of REK forms, settlements of tax on salaries paid, payrolls, settlements of contributions of sole entrepreneurs and other individuals who don't pay salaries, reports on income, paid to non-residents, who are included into the settlement of withholding tax, was in 2008 the most extensive one because 2,795,774 documents were submitted and processed from this field, 1,177,534 documents out of this number or 42.1 percent were submitted via eDavki. The number of input documents in the field of taxes and contributions from personal allowances was in 2007 for 0.4 percent lower than in the year before. The decrease in the number of input documents is a consequence of the changed method of submitting withholding tax settlements for employees at sole entrepreneurs and farmers from 1 July 2008 onwards and consequently cancellation of submitting payrolls for these taxpayers in the second half of 2008. REK forms are submitted for all employees in total and payrolls for each employee separately.



The Tax Administration issued 29,954 output documents (29,892 decisions and 62 orders). The number of output documents was in 2008 for 5.7 percent higher than in the year before.

At control of withholding tax settlements and social security contributions irregularities were discovered in 39,892 cases or in 60.8 percent of all cases of discovered irregularities in 2008. The number of cases with discovered irregularities in this field decreased for 14.0 percent. The lower number of discovered irregularities is a consequence of introduction of electronic submission of REK forms after 1 July 2008. The eDavki system has incorporated controls, which prevent taxpayers from submitting settlements with calculation errors.

On the basis of data about payments of salaries and other personal allowances it was discovered in 21,805 cases that the taxpayer failed to submit the settlement of taxes and contributions within the prescribed time limit and failed to pay the prescribed obligations. Controllers invited taxpayers, who have employees, but who failed to submit payrolls and REK forms, to submit settlements and pay obligations. In 6,866 cases of discovered irregularities the incorrect tax rate was used or incorrect base for tax calculation. Tax was additionally assessed to taxpayers in 10,772 cases on the basis of assessment and in 449 cases provisions of treaties were not accurately taken into consideration.

The amount of estimated additional liabilities was 21,311,150 EUR, which is 45.7 percent of all estimated additional liabilities on the basis of discovered irregularities and which has increased for 15.7 percent in comparison with the year before. Taxpayers submitted 426 tax settlements as voluntary disclosure, with which they settled 870,372 EUR of additional tax. The total effect of additionally assessed tax is 22,181,522 EUR or 12.5 percent more than in 2007.

Number of input and output documents of taxes and contributions from personal allowances

	INPUT DOCUMENTS			Input documents, received via eDavki (eTaxes), out of this number			OUTPUT DOCUMENTS		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
REK forms	1,145,932	890,182	128.7	871,865	256,483	339.90	257	164	156.7
Tax on salaries paid - legal entities	502,242	441,331	113.8	300,2398	95,642	313.9	8	4	200.0
Payrolls	449,437	808,224	55.6	40	0	0	98	28	350.0
Settlement of contributions of sole entrepreneurs and other individuals, who don't pay salaries	674,533	654,608	103.0	340	516	65.9	29,591	28,152	105.1
Report on incomes, paid to non-residents, who are included into the withholding tax settlement	23,630	12,970	182.2	5,050	327	1,544.3	0	0	0.0
Taxes and contributions from personal allowances - in total	2,795,774	2,807,315	99.6	1,177,534	352,968	333.6	29,954	28,348	105.7

Number of irregularities and voluntary disclosure cases of taxes and contributions from personal allowances

	NUMBER OF IRREGULARITIES			Number of voluntary disclosure cases		
	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007	
REK forms	4,687	7,821	59.9	356	230	154.8
Tax on salaries paid - legal entities	1,855	1,451	127.8	57	132	43.2
Payrolls	5,251	9,416	55.8	4	0	#DEL/0!
Settlement of contributions of sole entrepreneurs and other individuals, who don't pay salaries	28,099	27,712	101.4	7	3	233.3
Report on incomes, paid to non-residents, who are included into the withholding tax settlement	0	0	#DEL/0!	2	0	#DEL/0!
Taxes and contributions from personal allowances - in total	39,892	46,400	86.0	426	365	116.7



Personal Income Tax - Annual Settlement

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	286,281	192,943	67.4	1,244,923	15.5
Input documents, received via eDavki (eTaxes), out of this number	–	55,101	–	81,415	–
2. Number of output documents	1,140,769	1,078,575	94.5	1,135,528	95.0
3. All documents in total (1. + 2.)	1,427,050	1,271,518	89.1	2,380,451	53.4
4. Number of cases with discovered irregularities	–	4,442	–	25,939	17.1
5. Number of voluntary disclosure cases	–	1,089	–	3,188	34.2
6. Effect of discovered irregularities - additionally assessed tax in EUR	1,732,450	2,847,261	164.3	3,272,259	87.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	163,963	–	364,478	45.0
8. Effect of control in total – additionally assessed tax in EUR	–	3,011,224	–	3,636,737	82.8

Personal income tax assessment underwent radical changes in 2008. Payers of income were obliged to send data for personal income tax assessment in the electronic form. The majority of taxpayers, to whom the Tax Administration issued informative calculations for personal income tax for 2007, didn't have to file tax returns for assessment of personal income tax anymore. Taxpayers, who didn't agree with informative calculations, filed objections. Taxpayers, who didn't receive informative calculations, had to file tax returns. Taxpayers were able to allocate up to 0.5 percent of assessed personal income tax for donations. Higher general relief replaced relief for various purposes (purchase of medicines, books, house building, etc.).

Personal income tax - Assessment

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	195,116	112,959	57.9	1,136,335	9.9
Input documents, received via eDavki (eTaxes), out of this number	–	2,632	–	35,821	–
2. Number of output documents	1,140,769	1,078,575	94.5	1,135,528	95.0
3. All documents in total (1. + 2.)	1,335,885	1,191,534	89.2	2,271,863	52.4
4. Number of cases with discovered irregularities	–	4,407	–	25,939	17.0
5. Number of voluntary disclosure cases	–	1,086	–	3,188	34.1
6. Effect of discovered irregularities - additionally assessed tax in EUR	1,732,450	2,847,261	164.3	3,272,259	87.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	163,963	–	364,478	45.0
8. Effect of control in total – additionally assessed tax in EUR	–	3,011,224	–	3,636,737	82.8

In 2008 1,078,575 documents on assessment of personal income tax were issued, which is 5.0 percent less than in 2007 (1,075,432 decisions and 3,143 orders).

The number of input documents in 2008 decreased considerably in comparison with 2007, mainly due to simplification of the procedure for personal income tax assessment. The large majority of persons liable for personal income tax didn't have to file tax returns for assessment of personal income tax anymore and tax offices didn't have to enter and check data. Till 31 May taxpayers received informative calculations of personal income tax for 2007 to their home addresses (hereinafter: IID07). The IID07 was prepared on the basis of data, which the Tax Administration of the RS has at its disposal, which means official records, data of income payers, other persons liable for provision of data and data about dependants, which were sent to the Tax Administration by taxpayers till 31 January 2008.

The Tax Administration offered a possibility to submit applications for exercising special relief for dependants to taxpayers, who during the year didn't exercise special relief for dependants, and to taxpayers, who exercised this relief during the year, but wished to change these data, so that IID07 would be as accurate as possible. It was possible to file the application till 31 January 2008 also via eDavki portal. Persons liable for personal income tax were also able to allocate up to 0.5 percent of the assessed personal income tax for donations or for financing generally useful purposes and for financing political parties and representative unions for the first time for 2007. For this purpose they



had to file a special request for allocation of a part of personal income tax for donations till 31 December 2007.

After receiving IID07 the taxpayer checked:

- whether the entered data are accurate and complete (personal data, data on income, data on dependants, etc.) and whether they match with his/her data,
- whether all types of personal income tax relief are taken into consideration, for which he/she meets the requirements, and
- whether the informative calculation of personal income tax is accurate.

Taxpayers were able to check the accuracy of personal income tax assessment in IID07 with the assistance of the programme for calculation test, which was available on the website of the Slovenian Tax Administration already in the autumn of 2007. In cases where he/she agreed with the data or calculation in IID07, the taxpayer didn't have to do anything. After expiry of 15 days after delivery the informative calculation automatically became the decision on assessment of personal income tax.

In cases where the taxpayer didn't agree with the informative calculation, he/she was obliged to send an objection to the competent tax office or branch office in 15 days after delivery. This was possible also in the electronic form via eDavki system.

Persons liable for personal income tax received informative calculations for personal income tax in three groups. The total number of issued personal income tax informative calculations was 1,012,993. The table below shows detailed data:

The number of IID07s, rebates and additional payments of personal income tax according to individual groups:

	Personal income tax assessment for 2007, informative calculations					
	IN TOTAL	Additional payments		Refunds		with 0
		Number	Amount in EUR	Number	Amount in EUR	Number
1. Group 1	507,213	232,214	59,523,369	237,311	25,884,433	37,688
2. Group 2	360,095	127,485	48,851,929	206,099	81,291,713	26,511
3. Group 3	145,685	87,721	14,139,935	46,359	12,389,978	11,605
IN TOTAL	1,012,993	447,420	122,515,233	489,769	119,566,124	75,804

Till the legal time limit 77,001 objections against IID07 were filed. The largest number of objections was filed due to exercising or change of exercising special relief for dependants (76.63%). Even 98.22 percent of informative calculations were accurate without objections in connection with dependants. A part of objections referred to exercising tax paid abroad or exemptions under the KIDO and exercising actual costs and it is not a consequence of incorrect data in IID07.

With assistance of VIDA Virtual Tax Assistant taxpayers were able to check whether IID07 was sent to them. VIDA responded also to general and simple questions as it did also in the year before.

Taxpayers, who didn't receive personal income tax informative calculations till 31 May, had to file tax returns for assessment of personal income tax till the end of June. Till the legal time limit 33,838 tax returns were filed. Taxpayers filed only 2,632 tax returns for assessment of personal income tax for 2007 via eDavki system.

Also the number of output documents is slightly lower in comparison with the year before. Till the end of 2008 the number of issued IID07 was 1,012,993 and there were 106,579 decisions on the basis of tax returns or objections of taxpayers. Till 31 October 2008 the number of issued decisions was 95,504. In relation to issued IID07s and filed tax returns till the legal time limit the number of non-issued decisions was considerably lower than previous years. Decisions are still not (as it is true also for personal income tax for 2006) issued to taxpayers, who in 2007 received income from Austria. Taxpayers, at whom the establishing procedures are still not finished, didn't receive assessment decisions.

While performing control of personal income tax returns in 2008, irregularities were discovered in 4,407 cases, which is 83.0 percent less than in the year before, which is a consequence of cancellation



of the possibility to exercise tax relief for various purposes (invoices). Maximum possible control for other relief types (general relief, relief for dependants, relief for students, etc.) is incorporated already in the programme support for personal income tax assessment.

Certain substantive controls were incorporated in advance into the programme support for submission and processing of data from payers of income and other persons liable for provision of data, so that the received data were of higher quality. Due to the changed business process a shift occurred in checking the submitted data for assessment of personal income tax with the data from withholding tax settlements (REK forms, payrolls).

Only in the second half of 2008 controllers cross-checked the data as distinct from previous years. After processing and harmonisation of these data with the payers the data were at the end of the year submitted into the central record of data for assessment of personal income tax. After the conducted comparison of these data with the data in informative calculations of personal income tax, which became decisions, or with the data from final decisions, the Tax Administration will conduct the procedure for renovation of personal income tax assessment only in the first months of 2009. So in 2009 a larger number of discovered irregularities and established amount of irregularities in the field of personal income tax assessment for 2007 are expected. In 2009 the so-called “decisions ex officio” will also be issued to taxpayers, who haven’t received IID07s and they haven’t filed returns for assessment of personal income tax for 2007 if it is evident from the harmonised data of persons liable for provision of data that they received income, taxable with personal income tax.

The most frequently discovered irregularities were: incorrectly declared income of taxpayers (2,678), incorrectly declared advance tax payments (1,275), incorrect exercising of special relief for dependants (296), unduly exercised actual costs of taxpayers (71), incorrect exercising of relief for paid premiums of additional voluntary pension insurance (66) and incorrect exercising of tax relief (21).

On the basis of control findings tax liabilities at assessment of personal income tax in 2008 were increased for 2,847,261 EUR, which is 13.0 percent less than the year before. Taxpayers submitted 1,086 personal income tax returns as voluntary disclosure. The value of additionally assessed personal income tax on the basis of voluntary disclosure is 163,963 EUR, so the total effect of control is the additionally assessed tax in the amount of 3,011,224 EUR.

Control data for assessment of personal income tax

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	91,165	79,984	87.7	108,588	73.7
Input documents, received via eDavki (eTaxes), out of this number	–	52,469	–	45,594	–
2. Number of output documents		0	0.0	0	0.0
3. All documents in total (1. + 2.)	91,165	79,984	87.7	108,588	73.7
4. Number of cases with discovered irregularities	–	0	–	0	0.0
5. Number of voluntary disclosure cases	–	3	–	0	0.0
6. Effect of discovered irregularities - additionally assessed tax in EUR		0	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	0	–	0	0.0
8. Effect of control in total – additionally assessed tax in EUR	–	0	–	0	0.0

The Rules on delivery of data for assessment of personal income tax for 2007, which defines the form, subject matter, method and time limits for preparation and sending of control data, was published already at the end of October 2007. Even before its publishing the most important changes in connection with submission of data were published on Tax Administration’s website.

Payers of income and other persons liable for provision of data had to submit data for assessment of personal income tax for 2007 to the Tax Administration till 31 January 2008. The number of input documents in this part slightly decreased in comparison with the year before. Taxpayers, who in 2007 didn't pay income taxable with personal income tax, were not obliged anymore to submit a written statement to the tax authority that they didn't pay income to individuals. Persons liable for provision of



data didn't have to report about income, which was exempt from personal income tax, and about income, which was paid to agricultural and pasture communities.

The Tax Administration organised numerous seminars and workshops for payers with the purpose to receive accurate data in the electronic form in time via eDavki system.

Persons liable for provision of data had at their disposal the programme support for submission of data (WDohod 2007 programme), in December 2007 a brochure was issued on submission of data and various materials, such as the Description of controls of individual fields in individual records of data for assessment of personal income tax of individual files and the Description of controls of individual fields in individual records of data for assessment of personal income tax of files VIROPR.DAT and VIRINVA.DAT. In January 2008 a table was also published of connections between types of income from data for assessment of personal income tax for 2007 and codes of income from withholding tax settlements – REK forms.

The above-mentioned activities of the Tax Administration were successful because 70,142 payers submitted data via eDavki portal till the expiry of the time limit for submission of data, the majority of them via the open portal (57,814 or 82.40%) and 2,807 payers on CDs or DVDs. This provided better quality of submitted data and fewer burdens on controllers. There were no significant problems at submission of control data with the exception of a few persons liable for personal income tax, who wished to file applications for exercising the special relief for dependants, and deleted data about dependants for other taxpayers, about whom the employer reported.

The programme support for processing of data in the back office was provided in time. All activities were coordinated and supervised in accordance with time limits, defined in the organiser of activities for assessment of personal income tax.

PERSONAL INCOME TAX ADVANCE PAYMENT

	Annual plan 2008	Realisation 2008	% of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	129,116	139,143	107.8	134,248	103.6
Input documents, received via eDavki (eTaxes), out of this number	–	18,260	–	9,388	–
2. Number of output documents	141,889	211,992	149.4	61,730	343.4
3. All documents in total (1. + 2.)	271,005	351,135	129.6	195,978	179.2
4. Number of cases with discovered irregularities	–	3,067	–	3,842	79.8
5. Number of voluntary disclosure cases	–	1,211	–	794	152.5
6. Effect of discovered irregularities - additionally assessed tax in EUR	1,578,729	1,037,828	65.7	1,623,266	63.9
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	176,689	–	124,637	141.8
8. Effect of control in total – additionally assessed tax in EUR	–	1,214,517	–	1,747,903	69.5

In accordance with the Tax Procedure Act the advance payment of personal income tax is assessed and settled during the year on received incomes from employment and other income types, on income from business activities, on income from property and on income from basic agricultural and basic forestry activities.

In 2008 the total number of received input documents in connection with advance payments of personal income tax was 139,143, which is 7.8 percent more than it was planned and 3.6 percent more than the year before. 18,260 documents were received via eDavki (eTaxes) or 1.1 percent of all documents submitted via eDavki.

In the field of personal income tax advance payments in 2008 the number of issued output documents was 211,992, out of this number there were 481 decisions in the form of stamp, 185,743 decisions and 25,768 orders or notices according to Article 50 of the ZDavP-2 that the advance payment is not assessed.

Taxpayers submitted 1,211 tax returns and settlements of personal income tax advance payments in the form of voluntary disclosure. The amount of additionally assessed tax in connection with voluntary disclosure is 176,689 EUR. During control 3,067 irregularities were discovered. The amount of additionally assessed tax in connection with this is 1,037,828 EUR or 36.1 percent less than in the year before. The total effect of additionally assessed tax is 1,214,517 EUR or 30.5 percent less than in 2007.



Number of input and output documents in connection with personal income tax advance payments

	INPUT DOCUMENTS			Input documents, received via eDavki, out of this number			OUTPUT DOCUMENTS		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
Adv. payment of pers. income tax from income from employment and other income types	24,097	23,498	102.5	0	4	0	19,932	16,920	117.8
Pers. income tax adv. payment on income from business activities	80,435	79,267	101.5	18,242	9,338	195	5,307	4,382	121.1
Applications – Pers. income tax adv. payment on income from business activities	0	0	Settlement ; 0:	0	0	0	708	776	91.2
Pers. income tax adv. payment on income from renting property and transfer of property rights	33,808	29,664	114.0	18	46	39	33,270	26,173	127.1
Pers. income tax adv. payment on income from basic agric. and forestry activities	803	1,819	44.1	0	0	0	152,184	13,108	1,161.0
Applications – Pers. income tax adv. payment on income from basic agric. and forestry activities	0	0	0.0	0	0	0	591	353	167.4
Personal income tax advance payment – in total	139,143	134,248	103.6	18,260	9,388	195	211,992	61,712	343.5

Number of irregularities and voluntary disclosure cases in connection with personal income tax advance payments

	NUMBER OF IRREGULARITIES			Number of voluntary disclosure cases		
	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007	
Advance payment of personal income tax from income from employment and other income types	0	0	0.0	230	70	328.6
Pers. income tax adv. payment on income from business activities	2,874	3,678	78.1	275	280	98.2
Applications - Personal income tax advance payment on income from business activities	0	0	0.0	13	0	0.0
Personal income tax advance payment on income from renting property and transfer of property rights	193	164	117.7	693	444	156.1
Personal income tax advance payment on incomes from basic agricultural and forestry activities	0	0	0.0	0	0	0.0
Applications – Pers. income tax adv. payment on income from basic agric. and forestry activities	0	0	0.0	0	0	0.0
Personal income tax advance payment – in total	3,067	3,842	79.8	1,211	794	152.5

Effects of control of personal income tax advance payments

	EFFECT OF DISCOVERED IRREGULARITIES IN EUR			EFFECT OF VOLUNTARY DISCLOSURE IN EUR			EFFECT OF CONTROL IN EUR – IN TOTAL		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
Advance payment of personal income tax from income from employment and other income types	0	0	#DEL/0!	9,645	10,060	96	9,645	10,060	95.9
Pers. income tax adv. payment on income from business activities	1,003,317	1,596,528	62.8	84,399	79,152	107	1,087,716	1,675,680	64.9
Applications – Pers. income tax adv. payment on income from business activities	0	0	#DEL/0!	18,057	0	#DEL/0!	18,057	0	#DEL/0!
Personal income tax advance payment on income from renting property and transfer of property rights	34,511	26,738	129.1	64,589	35,424	182	99,100	62,162	159.4
Pers. income tax adv. payment on income from basic agric. and forestry act.	0	0	#DEL/0!	0	0	#DEL/0!	0	0	#DEL/0!
Applications – Pers. income tax adv. payment on income from basic agricultural and basic forestry activities	0	0	#DEL/0!	0	0	#DEL/0!	0	0	#DEL/0!
Personal income tax advance payment – in total	1,037,828	1,623,266	63.9	176,689	124,637	142	1,214,517	1,747,903	69.5



Advance payment of personal income tax on income from employment and other income types

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	19,837	24,097	121.5	23,498	102.5
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	4	–
2. Number of output documents	17,182	19,932	116.0	16,920	117.8
3. All documents in total (1. + 2.)	37,019	44,029	118.9	40,418	108.9
4. Number of cases with discovered irregularities	–	0	–	0	#DEL/0!
5. Number of voluntary disclosure cases	–	230	–	70	328.6
6. Effect of discovered irregularities - additionally assessed tax in EUR	220	0	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	9,645	–	10,060	95.9
8. Effect of control in total – additionally assessed tax in EUR	–	9,645	–	10,060	95.9

Taxpayers submitted 24,097 tax returns for assessment of personal income tax advance payments on income from employment and other income types, which is 21.5 percent more than it was planned or 20.5 more than the year before. 8,017 decisions were issued on assessment of personal income tax advance payments and 11,915 orders. On the basis of filed tax returns for assessment of personal income tax advance payments even 60 percent of taxpayers received notices according to Article 50 of the ZDavP-2 that the advance payment is not assessed because it is lower than 10 EUR, but the established income is included into the IID. In accordance with the agreement the Pension and Disability Insurance Institute of Slovenia (ZPIZ) has sent E-120 forms to the Tax Administration from May 2008 onwards. On the basis of data from forms the Tax Administration establishes a record of taxpayers (residents of the Republic of Slovenia), who in addition to domestic pensions receive also pensions from abroad. Tax offices called taxpayers to submit returns during the year. The number of taxpayers, who have filed tax returns as voluntary disclosure, has increased. Taxpayers submitted 230 returns as voluntary disclosure and additionally declared 9,645 EUR of tax.

Personal income tax advance payment on incomes from business activities

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	79,462	80,435	101.2	79,267	101.5
Input documents, received via eDavki (eTaxes), out of this number	–	18,242	–	9,338	–
2. Number of output documents	4,565	5,307	116.3	4,382	121.1
3. All documents in total (1. + 2.)	84,027	85,742	102.0	83,649	102.5
4. Number of cases with discovered irregularities	–	2,874	–	3,678	78.1
5. Number of voluntary disclosure cases	–	275	–	280	98.2
6. Effect of discovered irregularities - additionally assessed tax in EUR	1,553,759	1,003,317	64.6	1,596,528	62.8
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	84,399	–	79,152	106.6
8. Effect of control in total – additionally assessed tax in EUR	–	1,087,716	–	1,675,680	64.9

In 2008 in the field of tax on income from business activities 80,435 settlements and tax returns were submitted, which is 1.2 percent more than it was planned and 1.5 percent more than in 2007. 18,242 settlements were submitted via eDavki (eTaxes). 708 applications were submitted or 18.2 percent less than it was planned. 5,307 output documents were issued, 4,575 decisions and 732 orders out of this number, which is 16.3 percent more than it was planned and for 21.1 percent more than the year before. The increase is a consequence of the systematic approach to establishing tax obligations of taxpayers, who have failed to submit tax settlements for 2007 in connection with establishing the fact whether the registered activities were also actually performed in the above-mentioned year. The order on cessation of the assessment procedure for tax on income from business activities was issued to taxpayers, where it was established that they hadn't performed activities.

Taxpayers submitted settlements as voluntary disclosure in 275 cases and they additionally settled 84,399 EUR of tax.



For preparation, submission and receipt of tax settlements in 2008 control prepared requirements for additional calculation and logical crosschecks of data from the settlement form and attachments, which were embedded into Silvester Fineus support programme.

In the first half of the year controllers invited taxpayers, who failed to submit tax settlements. On the basis of this the largest number of voluntary disclosure was received. Control with the assistance of data, acquired in the field, established also cancellation reasons for taxpayers, who failed to comply even after the call. Taxpayers were considered also due to suspicion of committing the offence. Controllers relinquished more complex assessment cases together with collected data to the audit unit.

In the second half of the year controllers conducted subsequent substantive controls of received tax settlements on the basis of comparison with the data, which the Slovenian Tax Administration acquired from the Agency of the Republic of Slovenia for Public Legal Records and Related Services - AJPES (source data - ex officio) and on the basis of prepared lists of taxpayers, which had been prepared according to specific substantive criteria. At the same time activities took place for acquisition of those data from the AJPES, which in accordance with the legislation in force it wasn't obliged to process and submit to the Slovenian Tax Administration. A special training workshop was conducted together with coordinators from the activity area for purposes of effective implementation of subsequent substantive controls (desk-audit) of settlements. Although effects of control in this type of supervision procedures were not considerable, they had a great preventive meaning because taxpayers detected supervision and they were informed about reasons and ways for elimination of errors, which appeared most frequently.

On the basis of provisions from the Companies Act growth was detected in the number of conversions of sole entrepreneurs into the company limited by shares, where control had problems mainly due to some indistinct points and lack of harmonisation between individual provisions in legislation and existing system support, which at the moment doesn't support traceability or automatic transfers of necessary accountancy records and other tax records.

At taxpayers, who establish the tax base on the basis of actual income and norm expenditures, progress was achieved in 2008 in the field of prevention or reduction of illegal work.

While performing control of submitted settlements of advance payments of tax on income from business activities, irregularities were discovered in 2,874 cases, which is 12.9 percent lower number of cases than the year before. Out of this number there were 1,598 cases of discovered irregularities in connection with settling of advance payments on the basis of tax settlements, 439 cases of irregularities in connection with labour costs of employees and irregularities in connection with settled social security contributions for the taxpayer, 515 cases of irregularities in connection with lowering of the tax base and tax relief, 75 cases with incorrectly stated income from performing business activities and other income types and there were 82 cases with incorrectly stated expenditures from performing business activities and other expenditures. Controllers conducted tax base assessment in 165 cases because the taxpayer failed to submit the tax settlement. The tax obligation in connection with discovered irregularities was in total increased for 1,003,317 EUR, which is 35.4 percent less than it was planned and 37.2 percent less than it was realised in 2007.

Controls, embedded into the system, which at preparation and submission of settlements warned taxpayers about errors and additional warnings and substantive explanations, which were shown to taxpayers by the programme, prevented submission of settlements with formal or critical substantive errors. Controls embedded at the entry influenced the decrease in the number of discovered irregularities and reduced effect of control.

Taxpayers submitted settlements as voluntary disclosure in 275 cases and they additionally settled 84,399 EUR of tax. The total effect of control is the additionally assessed tax in the amount of 1,087,716 EUR.



Personal income tax advance payment on income from renting property and transfer of property rights

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	28,436	33,808	118.9	29,664	114.0
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	46	–
2. Number of output documents	28,284	33,270	117.6	26,173	127.1
3. All documents in total (1. + 2.)	56,720	67,078	118.3	55,837	120.1
4. Number of cases with discovered irregularities	–	193	–	164	117.7
5. Number of voluntary disclosure cases	–	693	–	444	156.1
6. Effect of discovered irregularities - additionally assessed tax in EUR	24,750	34,511	139.4	26,738	129.1
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	64,589	–	35,424	182.3
8. Effect of control in total – additionally assessed tax in EUR	–	99,100	–	62,162	159.4

In 2008 taxpayers filed 33,808 returns for tax assessment, which is 18.9 percent more than it was planned and 14.0 percent more than in 2007.

The Tax Administration issued 20,259 decisions on assessment of personal income tax advance payments on income from property and 13,011 orders or notices according to Article 50 of the ZDavP-2 that the advance payment is not assessed because it is lower than 10 EUR, but the established income is included into the IID (38.5 percent of filed tax returns). The number of taxpayers, who have submitted the return as voluntary disclosure, has increased. Their number was 693. On the basis of voluntary disclosure the amount of additionally assessed tax reached 64,589 EUR, which is 82.3 percent more than the year before. While performing control irregularities were discovered in 193 cases: in 157 cases out of this number where discrepancy of data from the tax return in the rent contract was established, the tax base was not correctly stated in 23 cases and there were 13 cases of unjustified exercising of actual costs. The amount of additionally assessed tax was 34,511 EUR.

Personal income tax advance payment on income from basic agricultural and forestry activities

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	741	803	108.4	1,819	44.1
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	90,768	152,184	167.7	13,108	1,161.0
3. All documents in total (1. + 2.)	91,509	152,987	167.2	14,927	1,024.9
4. Number of cases with discovered irregularities	–	0	–	0	0.0
5. Number of voluntary disclosure cases	–	0	–	0	0.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	–	0	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	0	–	0	0.0
8. Effect of control in total – additionally assessed tax in EUR	–	0	–	0	0.0

152,127 decisions were issued to taxpayers on assessment of advance payments of personal income tax on cadastral income and other income from basic agricultural and basic forestry activity for 2007 and 57 orders. This is 67.2 percent more than it was planned and 1,161 percent more than in 2007. 591 applications were submitted or for 163.8 percent more than it was planned.

Due to the change of legislation the programme support had to be adjusted several times, so decisions on assessment of advance payments on income from basic agricultural and forestry activities for 2007 were issued only in March 2008.

After issuing of decisions the Ministry of finance changed the opinion on taxation of agricultural and forestry subsidies on the basis of an external legal opinion in April. This meant a repetition of tax base calculation for taxpayers, who didn't receive subsidies in 2007, for which data on recipients of taxable subsidies had to be acquired from the Agency of the RS for Agricultural Markets and Rural Development and the Slovenian Forest Service.



On the basis of received data on recipients of subsidies decisions, in which average amounts of subsidies were not taken into consideration at their assessment, were reissued to taxpayers, who actually were not recipients of subsidies in 2007 in July on the basis of Article 90 of the ZDavP-2.

In 2008 average amounts of subsidies per hectare of land were not published. Recipients of taxable subsidies were also not known, so assessment for 2008 will be conducted in 2009.

CORPORATE INCOME TAX – IN TOTAL

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	87,972	90,347	102.7	85,909	105.2
Input documents, received via eDavki (eTaxes), out of this number	–	32,141	–	17,677	–
2. Number of output documents	660	710	107.6	545	130.3
3. All documents in total (1. + 2.)	88,632	91,057	102.7	86,454	105.3
4. Number of cases with discovered irregularities	–	1,180	–	1,050	112.4
5. Number of voluntary disclosure cases	–	122	–	161	75.8
6. Effect of discovered irregularities - additionally assessed tax in EUR	1,770,707	2,415,699	136.4	3,221,547	75.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	5,495,620	–	3,529,712	155.7
8. Effect of control in total – additionally assessed tax in EUR	–	7,911,319	–	6,751,259	117.2

At control of corporate income tax, which includes settlement of corporate income tax, ODO forms and applications of persons liable for corporate income tax, in 2007 90,347 input documents were submitted in total, which is 2.7 percent more than it was planned and 5.2 percent more than in 2007. 32,141 settlements of corporate income tax were submitted via eDavki (eTaxes).

The Tax Administration issued 710 output documents to taxpayers, which is 7.6 percent more than it was planned and 30.3 percent more than in the previous year. Out of total number of 710 output documents there were 611 decisions and 99 orders issued.

Irregularities were discovered in 1,180 cases, which is 12.4 percent more than in 2007. The effect of discovered irregularities is additionally settled tax in the amount of 2,415,699 EUR or 36.4 percent more than it was planned and 25 percent less than in the year before.

Taxpayers took advantage of provisions in connection with voluntary disclosure in 122 cases for submission of tax settlements and tax was additionally settled in the amount of 5,495,620 EUR.

The total control effect in the field of corporate income tax is 7,911,319 EUR, which is 17.2 percent more than in 2007.

DDPO input and output documents

	INPUT DOCUMENTS			Input documents, received via eDavki (eTaxes), out of this number			OUTPUT DOCUMENTS		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
	2008	2007	Index 08/07	2008	2007	Index 08/07	2008	2007	Index 08/07
Corporate income tax	78,404	74,642	105.0	24,198	13,700	177	161	159	101.3
ODO forms	11,943	11,267	106.0	7,943	3,977	200	0	0	0.0
Applications - Corporate income tax	0	0	0.0	0	0	0	549	386	142.2
Corporate income tax – in total	90,347	85,909	105.2	32,141	17,677	182	710	545	130.3



Number of irregularities and voluntary disclosure cases – DDPO

	NUMBER OF IRREGULARITIES			Number of voluntary disclosure cases		
	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007	
Corporate income tax	1,142	987	115.7	87	126	69.0
ODO forms	38	63	60.3	35	35	100.0
Applications - Corporate income tax	0	0	0.0	0	0	#DEL/0!
Corporate income tax – in total	1,180	1,050	112.4	122	161	75.8

Effects of control - DDPO

	EFFECT OF DISCOVERED IRREGULARITIES IN EUR			EFFECT OF VOLUNTARY DISCLOSURE IN EUR			EFFECT OF CONTROL IN EUR – IN TOTAL		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
Corporate income tax	2,340,519	3,073,204	76.2	3,791,634	2,647,443	143	6,132,153	5,720,647	107.2
ODO forms	75,180	148,343	50.7	1,703,986	882,269	193	1,779,166	1,030,612	172.6
Applications - Corporate income tax	0	0	0.0	0	0	0	0	0	0.0
Corporate income tax – in total	2,415,699	3,221,547	75.0	5,495,620	3,529,712	156	7,911,319	6,751,259	117.2

Corporate income tax (DDPO)

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	75,994	78,404	103.2	74,642	105.0
Input documents, received via eDavki (eTaxes), out of this number	–	24,198	–	13,700	176.6
2. Number of output documents	240	161	67.1	159	101.3
3. All documents in total (1. + 2.)	76,234	78,565	103.1	74,801	105.0
4. Number of cases with discovered irregularities	–	1,142	–	987	115.7
5. Number of voluntary disclosure cases	–	87	–	126	69.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	1,749,907	2,340,519	133.8	3,073,204	76.2
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	3,791,634	–	2,647,443	143.2
8. Effect of control in total – additionally assessed tax in EUR	–	6,132,153	–	5,720,647	107.2

Taxpayers submitted 78,404 settlements of corporate income tax or 3.2 percent more than it was planned and 5.0 percent more than in the previous year. 24,198 settlements of corporate income tax were sent via eDavki or 76.6 percent more than in 2007. 161 output documents were issued to taxpayers, which is 32.90 percent less than it was planned and 1.3 percent more than in the previous year. Out of total number of 161 output documents there were 138 decisions and 23 orders issued. 549 applications were submitted or 30.7 percent more than it was planned and 42.2 percent more than in the previous year. On the basis of submitted applications controllers issued 473 decisions and 76 orders to taxpayers.

Submitted settlements for corporate income tax (DDPO)

	For 2007	For 2006	Index 07/06
Number of submitted settlements – in total	75,645	68,417	110.6
Number of submitted settlements for performing business activities in the economic zone	1	1	100.0
Number of submitted joint settlements	5	10	50.0

Irregularities were discovered in 1,142 cases, which is 15.7 percent more than in 2007. The largest number of irregularities (even 498) was discovered in connection with settling of advance payments, in 425 cases in connection with increase or decrease of the tax base, tax relief and covering of loss from previous years, in 172 cases income or expenditures were not correctly stated, in 18 cases tax



base assessment was conducted due to non-submitted tax settlements, in 12 cases irregularities were discovered in connection with taxation in the group and in 17 cases income, achieved with participation in corporate profit, was decreased incorrectly.

While performing control there were 2,340,519 EUR of established additional tax, which is 33.8 percent more than it was planned and 23.8 percent less than in 2007.

Controls, embedded into the system, which at preparation and submission of settlements warned taxpayers about errors and additional warnings and substantive explanations, which were shown to users by the programme, prevented submission of settlements with formal or critical substantive errors. Controls embedded at the entry influenced the decrease in the number of discovered irregularities and reduced effect of control.

Taxpayers took advantage of provisions in connection with voluntary disclosure in 87 cases for submission of tax settlements and tax was additionally settled in the amount of 3,791,634 EUR or 43.2 percent more than the year before. The total effect of control is the additionally assessed tax in the amount of 6,132,153 EUR.

ODO forms

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	11,978	11,943	99.7	11,267	106.0
Input documents, received via eDavki (eTaxes), out of this number	–	7,943	–	3,977	–
2. Number of output documents	0	0	0.0	0	0.0
3. All documents in total (1. + 2.)	11,978	11,943	99.7	11,267	106.0
4. Number of cases with discovered irregularities	–	38	–	63	60.3
5. Number of voluntary disclosure cases	–	35	–	35	100.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	20,800	75,180	361.4	148,343	50.7
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	1,703,986	–	882,269	193.1
8. Effect of control in total – additionally assessed tax in EUR	–	1,779,166	–	1,030,612	172.6

In 2008 11,943 withholding tax settlements – ODO forms were submitted, which is 0.3 percent less than it was planned and 6.0 percent more than in the previous year. 7,943 forms were submitted via eDavki (eTaxes). The incorrect tax rate was used in 38 cases of discovered irregularities. The amount of additionally established obligation is 75,180 EUR. Taxpayers submitted 35 voluntary disclosure cases of ODO forms. The amount of additionally assessed tax in connection with voluntary disclosure is 1,703,986 EUR or 93.1 percent more than in the year before.

The total effect of control is the additionally assessed tax in the amount of 1,779,166 EUR or 72.6 percent more than in the previous year.

VALUE ADDED TAX (VAT)

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	681,542	735,772	108.0	695,742	105.8
Input documents, received via eDavki (eTaxes), out of this number	–	385,742	–	184,531	–
2. Number of output documents	62,028	58,488	94.3	60,094	97.3
3. All documents in total (1. + 2.)	743,570	794,260	106.8	755,836	105.1
4. Number of cases with discovered irregularities	–	3,554	–	4,383	81.1
5. Number of voluntary disclosure cases	–	309	–	103	300.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	5,568,898	12,488,964	224.3	10,567,830	118.2
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	1,974,055	–	2,094,736	94.2
8. Effect of control in total – additionally assessed tax in EUR	–	14,463,019	–	12,662,566	114.2

In 2008 in total 735,772 various forms were submitted for the field of VAT, which is 8.0 percent more than it was planned and 5.8 percent more than in the year before and it represents the share of 17.5



percent of all submitted forms. 385,742 documents were submitted via eDavki (eTaxes) or 23.0 percent of all documents submitted via eDavki.

The Tax Administration issued 58,488 output documents to taxpayers, which is 6.8 percent more than it was planned and 2.7 percent less than in the previous year. Out of this number 6,159 decisions were issued according to the shortened procedure in the form of stamps, 51,942 decisions and 387 orders.

Taxpayers submitted 309 settlements as voluntary disclosure, with which they settled 1,974,053 EUR of additional VAT.

While performing control irregularities were discovered in 3,554 cases, which is 18.9 percent less than in the year before. In 2,112 cases out of this number irregularities were discovered at DDV-O form, in 1,381 cases at claims for VAT refund to taxpayers without the seat in Slovenia and in 61 cases at consideration of claims for VAT refund in the passenger transport. The amount of additionally assessed tax is 12,488,964 EUR, which is 124.3 percent more than it was planned and 18.2 percent more than in the year before.

The total effect of control is the additionally assessed tax in the amount of 14,463,019 EUR, which is 14.2 percent more than in the previous year.

Control comprises entering, processing and control of submitted forms: DDV-O, recapitulative statement, DDV-OPN (lump-sum compensation), DDV-VE (VAT refund in passenger transport services), claims for VAT refund of taxpayers without the seat in Slovenia, special settlements of taxpayers without the seat within the Community and perform electronic services to persons, who are not persons liable for the tax, and applications for exemption from duties for diplomatic missions, consulates and international organisations in accordance with treaties, which oblige Slovenia.

All DDV-O settlements, which were submitted by taxpayers in writing, were processed at the centre with optical capture of data, so tax offices didn't deal with receipt, entry and storage of settlements anymore. Controllers were able to dedicate more time to substantive control.

Controllers continued with withdrawal of ID numbers ex officio and pre-registration control. Instructions and samples of documents, which are issued in connection with these procedures, were supplemented, information support was established for risk identification of the taxpayer, who filed a claim for issuing ID number for VAT. In 2008 4,725 procedures for cessation of identification for VAT purposes were conducted ex officio, out of this number it was established in 214 cases that cases included missing trader companies.

Special attention was given to newly registered taxpayers because the majority of tax evasion cases appears at the beginning of registration. Programme support for supervision over newly registered taxpayers was embedded into the tax information system for this purpose.

At the end of 2008 92,408 persons liable for VAT were recorded in the VAT register, which is 6.0 percent more than at the end of 2007. 46,880 (50.7 percent) out of this number were legal entities and 45,528 (49.3 percent) were individuals. VAT register included 667 foreign persons.

Persons liable for VAT

Situation on the day	Persons liable for VAT				Type of VAT settlement		STATUS	
	LEGAL ENTITIES	INDIVIDUALS	DOMESTIC	FOREIGN	MONTHLY	QUARTERLY	EXPORTER	IN TOTAL
31.12.2008	46,880	45,528	91,741	667	42,191	50,217	917	92,408
Share in %	50.7	49.3	99.3	0.7	45.7	54.3	1.0	100
31.12.2007	44,133	43,030	86,567	596	38,341	48,822	921	87,163
Share in %	50.6	49.4	99.3	0.7	44.0	56.0	1.1	100
Index 08/07	106.2	105.8	106.0	111.9	110.0	102.9	99.6	106.0



VAT input and output documents

	INPUT DOCUMENTS			Input documents, received via eDavki (eTaxes), out of this number			OUTPUT DOCUMENTS		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
DDV – O (VAT-O)	670,199	619,489	108.2	373,132	177,782	210	920	1,574	58.4
VAT - lump-sum compensation	42,034	35,016	120.0	0	34	0	29,685	27,506	107.9
VAT - passenger transport services	0	9,564	0.0	0	5	0	7,285	7,798	93.4
VAT - VAT refund to taxpayers without the seat in Slovenia	0	10,868	0.0	0	4	0	14,284	9,570	149.3
Recapitulative statement	23,539	20,805	113.1	12610	6706	188	0	0	0.0
VAT applications	0	0	0.0	0	0	0	6,314	13,646	38.9
Value added tax – in total	735,772	695,742	105.8	385,742	184,531	209	58,488	60,094	95.7

Irregularities, effects and voluntary disclosure cases – VAT

	NUMBER OF IRREGULARITIES			Number of voluntary disclosure cases		
	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007	
DDV – O (VAT-O)	2,112	3,038	69.5	309	103	300.0
VAT - lump-sum compensation	0	0	0.0	0	0	0.0
VAT - passenger transport services	61	46	132.6	0	0	0.0
VAT - VAT refund to taxpayers without the seat in Slovenia	1,381	1,299	106.3	0	0	0.0
Recapitulative statement	0	0	0.0	0	0	0.0
VAT applications	0	0	0.0	0	0	0.0
Value added tax – in total	3,554	4,383	81.1	309	103	300.0

Effects of control - VAT

	EFFECT OF DISCOVERED IRREGULARITIES IN EUR			EFFECT OF VOLUNTARY DISCLOSURE IN EUR			EFFECT OF CONTROL IN EUR – IN TOTAL		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
DDV – O (VAT-O)	8,303,219	5,886,339	141.1	1,974,054	2,094,736	94	10,277,273	7,981,075	128.8
VAT - lump-sum compensation	0	0	0.0	0	0	0	0	0	0.0
VAT - passenger transport services	10,345	5,315	194.6	0	0	0	10,345	5,315	194.6
VAT - VAT refund to taxpayers without the seat in Slovenia	4,175,400	4,676,176	89.3	0	0	0	4,175,400	4,676,176	89.3
Recapitulative statement	0	0	0.0	1	0	0	1	0	0.0
VAT applications	0	0	0.0	0	0	0	0	0	0.0
Value added tax – in total	12,488,964	10,567,830	118.2	1,974,055	2,094,736	94	14,463,019	12,662,566	114.2

In 2008 decisions according to the shortened procedure in the form of stamps were issued to taxable persons for VAT refund in the passenger traffic services in 5,922 cases, there were 1,346 issued decisions and 17 orders or 6.6 percent less than in the year before.



In 2008 on the basis of VAT refund claims to taxable persons without the seat in Slovenia Ljubljana Tax Office issued 7,645 decisions and 95 orders for VAT refund according to Article 74 of the ZDDV-1. In addition there were also 5,450 issued certificates for direct exemption from VAT and excise duties and 1,094 received claims for refund of VAT and excise duties to diplomatic missions, consular posts and international organisations under treaties, which oblige Slovenia.

Irregularities were discovered in 1,381 cases. Due to discovered irregularities the amount of refunded VAT was lower for 4,175,400 EUR.

Up to now in Slovenia we still don't have an identified taxpayer without the seat within the Community, who would perform electronic services to persons, who are not taxable persons.

OTHER DUTIES IN TOTAL

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	165,205	149,251	90.3	220,422	67.7
Input documents, received via eDavki (eTaxes), out of this number	–	159	–	126	–
2. Number of output documents	940,298	949,810	101.0	942,955	100.7
3. All documents in total (1. + 2.)	1,105,503	1,099,061	99.4	1,163,377	94.5
4. Number of cases with discovered irregularities	–	10,360	–	9,612	107.8
5. Number of voluntary disclosure cases	–	656	–	3,948	16.6
6. Effect of discovered irregularities - additionally assessed tax in EUR	3,134,456	5,307,446	169.3	4,509,302	117.7
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	400,184	–	179,510	222.9
8. Effect of control in total – additionally assessed tax in EUR	–	5,707,630	–	4,688,812	121.7

Taxpayers submitted 149,251 input documents in total for other duties, which is 9.7 percent less than it was planned and 32.3 percent less than in the previous year. Control includes entry, processing and control of submitted forms for gift and inheritance tax, compensation for the use of building land, tax from property, real estate sales tax, tax on games of chance, tax on motor vehicles, settlement of concession duties, tax on insurance contracts, vessel tax and fees. In 2008 capital gains is included as an independent category, although it otherwise belongs to personal income tax. Taxpayers submitted 159 tax returns or settlements via eDavki (eTaxes).

There were 949,810 output documents, out of this number 127,201 decisions according to the shortened procedure in the form of stamps, 822,230 decisions and 379 orders or 1.1 percent more than it was planned and 0.7 percent more than the year before.

Taxpayers used voluntary disclosure in 656 cases and additionally declared 400,184 EUR of tax. At control of returns and settlements 10,360 irregularities were discovered or 7.8 percent more than in the year before. The additionally assessed obligation on the basis of discovered irregularities is 5,307,446 EUR, which is 69.3 percent more than it was planned and 117.7 percent more than the year before. The total effect of control is the additionally assessed tax in the amount of 5,707,630 EUR or 21.7 percent more than in the previous year.



Gift and inheritance tax

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	43,419	44,653	102.8	43,466	102.7
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	45,188	46,302	102.5	45,160	102.5
3. All documents in total (1. + 2.)	88,607	90,955	102.6	88,626	102.6
4. Number of cases with discovered irregularities	–	3,063	–	2,335	131.2
5. Number of voluntary disclosure cases	–	260	–	134	194.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	2,242,295	3,785,350	168.8	3,446,233	109.8
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	11,223	–	1,424	788.1
8. Effect of control in total – additionally assessed tax in EUR	–	3,796,573	–	3,447,657	110.1

Taxpayers submitted 44,653 returns, which is 2.8 percent more than it was planned and 2.7 percent more than in the previous year. The programme support doesn't enable filling gift and inheritance tax returns via eDavki (eTaxes).

46,302 output documents were issued, out of this number 39,742 decisions in the form of stamps, 6,510 decisions and 50 orders or 2.8 percent more than it was planned and for 2.7 percent more than in the year before.

The incorrect tax base was established in 3,063 cases (difference between the reported and market values of inheritance or gift). The amount of assessed tax on the basis of 260 voluntary disclosure cases was 11,223 EUR. The amount of additionally assessed obligations reached 3,785,350 EUR, which is 68.8 percent more than it was planned and 9.8 percent more than in the year before. The total effect of control is the additionally assessed tax in the amount of 3,796,573 EUR.

Assessment of gift and inheritance tax is still not computer-supported and it is conducted completely manually, which is a time-consuming task.

Compensation for the use of building land (NUSZ)

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	1,740	0	0.0	41,990	0.0
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	685,207	691,879	101.0	686,424	100.8
3. All documents in total (1. + 2.)	686,947	691,879	100.7	728,414	95.0
4. Number of cases with discovered irregularities	–	0	–	0	0.0
5. Number of voluntary disclosure cases	–	0	–	0	0.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	0	0	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	0	–	0	0.0
8. Effect of control in total – additionally assessed tax in EUR	–	0	–	0	0.0

There were no submitted input documents due to the change of instructions for monitoring work in control in 2008. Taxable persons proved the change of official data, received from municipalities, necessary for tax assessment, with the submitted documents in 2007. In 2008 taxpayers submitted these documents to municipalities.

The Tax Administration issued 691,879 output documents (691,784 decisions and 95 orders).



Assessment of compensation for the use of building land is conducted by tax offices on the basis of data, submitted by municipalities. The Tax Administration establishes that individual municipalities submit the data too late or the data are of poor quality, which disables assessment within legally prescribed time limits and causes a larger number of filed appeals. Dispute resolution at the first instance usually takes too long because municipalities don't inform tax offices about their findings within the envisaged time limits. The programme support was prepared for improvement of the situation for printing of data, which are required by municipalities for harmonisation and updating of records for assessment of compensation for the use of building land. Protocol for sending data of municipalities to the tax authority was also prepared and reporting of the tax authority about errors of the submitted data back to the municipality. The tax authority informed municipalities about changes.

Tax from property

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	5,118	8,383	163.8	19,374	43.3
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	95,516	100,024	104.7	93,923	106.5
3. All documents in total (1. + 2.)	100,634	108,407	107.7	113,297	95.7
4. Number of cases with discovered irregularities	–	0	–	0	0.0
5. Number of voluntary disclosure cases	–	35	–	115	30.4
6. Effect of discovered irregularities - additionally assessed tax in EUR	0	0	0.0	0	#DEL/0!
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	3,611	–	7,804	46.3
8. Effect of control in total – additionally assessed tax in EUR	–	3,611	–	7,804	46.3

Assessment of tax from property includes assessment of tax on possession of buildings. In 2008 8,383 documents were submitted, which is 63.8 percent more than it was planned and 56.7 percent less than in the previous year.

The Tax Administration issued 100,024 documents (out of this number 110 decisions in the form of stamps, 99,877 decisions and 37 orders or notices). Taxpayers submitted 35 returns for tax from property as voluntary disclosure. The amount of additionally assessed tax is 3,611 EUR. Assessment of tax from property had no special features in 2008.

Real estate sales tax

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	51,174	50,337	98.4	52,454	96.0
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	54,098	55,078	101.8	56,311	97.8
3. All documents in total (1. + 2.)	105,272	105,415	100.1	108,765	96.9
4. Number of cases with discovered irregularities	–	3,116	–	2,635	118.3
5. Number of voluntary disclosure cases	–	281	–	234	120.1
6. Effect of discovered irregularities - additionally assessed tax in EUR	556,540	741,254	133.2	653,115	113.5
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	139,333	–	164,233	84.8
8. Effect of control in total – additionally assessed tax in EUR	–	880,587	–	817,348	107.7

In 2008 50,337 tax returns were submitted, which is 1.6 percent less than it was planned and 4.0 percent less than in the previous year.

There were 55,078 issued output documents, 47,590 decisions according to the shortened procedure in the form of stamps out of this number, 7,424 decisions and 64 orders, which is 1.8 percent more than it was planned and 2.2 percent less than the year before.



While performing control the incorrect tax base was established in 3,116 cases (difference between the contract and market values of the immovable property), which is 18.3 percent more than the year before. The amount of additionally assessed obligation reached 741,254 EUR, which is 33.2 percent more than it was planned and 13.5 percent more than the year before.

Taxpayers submitted 281 cases of voluntary disclosure of returns for real estate sales tax. The amount of additionally assessed tax is 139,333 EUR. The total effect of control is the additionally assessed tax in the amount of 880,587 EUR.

In 2008 programme support was provided only for entry of data from returns for assessment of real estate sales tax and not for assessment and issuing of decisions on assessment of real estate sales tax. This is the reason why assessment and issuing of decisions are still manual processes, which results in longer periods for resolution of matters.

Tax on games of chance

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	506	475	93.9	492	96.5
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	0	0	#DEL/0!	7	0.0
3. All documents in total (1. + 2.)	506	475	93.9	499	95.2
4. Number of cases with discovered irregularities	–	3	–	0	0.0
5. Number of voluntary disclosure cases	–	6	–	0	0.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	0	558	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	2,893	–	0	0.0
8. Effect of control in total – additionally assessed tax in EUR	–	3,451	–	0	0.0

In 2008 475 tax settlements were submitted, which is 6.1 percent less than it was planned and 3.5 percent more than in the previous year. There were no output documents. Tax offices discovered 3 irregularities. The amount of additionally assessed tax is 558 EUR. Taxpayers submitted 6 settlements as voluntary disclosure cases and additionally settled 2,893 EUR of tax. The total effect is the additionally assessed tax in the amount of 3,451 EUR.

Tax on motor vehicles (DMV)

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	45,967	37,962	82.6	47,105	80.6
Input documents, received via eDavki (eTaxes), out of this number	–	18	–	50	–
2. Number of output documents	41,611	38,113	91.6	41,439	92.0
3. All documents in total (1. + 2.)	87,578	76,075	86.9	88,544	85.9
4. Number of cases with discovered irregularities	–	4,174	–	4,634	90.1
5. Number of voluntary disclosure cases	–	72	–	11	654.5
6. Effect of discovered irregularities - additionally assessed tax in EUR	335,010	779,565	232.7	409,454	190.4
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	242,958	–	423	57411.0
8. Effect of control in total – additionally assessed tax in EUR	–	1,022,523	–	409,877	249.5

In 2008 37,962 input documents were submitted, which is 17.4 percent less than it was planned and 19.4 percent less than in the previous year. Taxpayers submitted 18 settlements of tax on motor vehicles via eDavki (eTaxes).

36,188 decisions were issued according to the shortened procedure in the form of stamps, 1,882 decisions and 43 orders.



The return was submitted as voluntary disclosure in 72 cases. The additionally assessed tax reached 242,958 EUR. The incorrect tax base was used in 2,096 cases of discovered irregularities and incorrect tax rate in 2,078 cases. The amount of additionally assessed tax reached 779,565 EUR, which is 132.7 percent more than it was planned and 90.4 percent more than the year before. The total effect of control is the additionally assessed tax in the amount of 1,022,523 EUR or 149.5 percent more than in the previous year.

The programme support was updated, which in addition to implementation of Articles 8a and 8b of the Motor Vehicles Tax Act (ZDMV) enables also implementation of Article 3 Paragraph 2 of the ZDMV and refunds, which enable controllers to perform all activities at one place (assessment, issuing of certificates, management of records, bookkeeping of obligations).

It was established at assessment of tax on motor vehicles from new vehicles that resellers of vehicles wanted to present used vehicles as new ones with falsified documentation and in this way to avoid tax assessment. The Slovenian Road Directorate was also informed about this and adopted special instructions for employees, who establish identification and evaluate technical condition of vehicles, so that they establish at the examination whether the vehicle is actually new.

Significant frauds were also detected at assessment of tax on motor vehicles from new vehicles because some taxpayers don't submit settlements of tax on motor vehicles. The Tax Administration proposed an amendment to the act, which would prevent tax evasion of this type, but the amendment of the Tax on Motor Vehicle Act wasn't realised in 2008.

At assessment of tax on motor vehicles, transported from the EU, which are registered for the first time and put on the market in the Republic of Slovenia for the first time, tax offices discovered an increased number of misuses, mainly falsified and fictitious invoices as well as modified evaluation reports for reduction of value as the base for taxation. Due to numerous attempts to avoid payment of tax obligations at the trade of used motor vehicles, acquired from other Member States, the establishing procedures before assessment are more and more demanding because it is necessary to check authenticity of documents and existence of sellers via international exchange of data in databases, which are available to the tax authority.

The legal provision, which enable taxpayers to select a tax office for filing of returns, has enabled persons, who deal with tax evasion and illegal work, to systematically move all over Slovenia and to file returns for assessment of tax on motor vehicles at various local tax branches. Programme support was upgraded for this purpose, which enable entry of suspicious taxpayers, which warns controllers at assessment.

Training of controllers in the field of performing business activities with motor vehicles and measures for prevention of tax evasion were conducted.

Settlement of concession duties

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	691	758	109.7	690	109.9
Input documents, received via eDavki (eTaxes), out of this number	–	140	–	51	–
2. Number of output documents	0	0	0.0	0	0.0
3. All documents in total (1. + 2.)	691	758	109.7	690	109.9
4. Number of cases with discovered irregularities	–	4	–	0	0.0
5. Number of voluntary disclosure cases	–	0	–	1	0.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	0	719	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	0	–	5,627	0.0
8. Effect of control in total – additionally assessed tax in EUR	–	719	–	5,627	12.8

In 2008 758 settlements of concession duties were submitted, which is 9.7 percent more than it was planned and 9.9 percent more than in the previous year. Taxpayers submitted 140 settlements of concession duties via eDavki (eTaxes). Tax offices didn't issue any output document.



There were no taxpayers submitting settlements on the basis of voluntary disclosure. The incorrect tax rate was used in 4 cases at control of tax settlements. The additionally assessed tax reached 719 EUR.

Persons liable for settling and paying of the additional concession duty are not especially marked in tax records, so at the end of 2008 at control according to standards all those taxpayers were checked, to whom the competent ministry assigned the concession and published their data on its website. Controllers checked timeliness and accuracy of submitted settlements for these taxpayers, especially in connection with already available data about the turnover size and its seasonalization. Till the end of the year only one concessionaire failed to meet his/her tax obligations.

Tax on insurance contracts

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	358	459	128.2	358	128.2
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	0	0	0.0	0	0.0
3. All documents in total (1. + 2.)	358	459	128.2	358	128.2
4. Number of cases with discovered irregularities	–	0	–	0	0.0
5. Number of voluntary disclosure cases	–	1	–	0	0.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	0	0	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	110	–	0	0.0
8. Effect of control in total – additionally assessed tax in EUR	–	110	–	0	0.0

In 2008 459 settlements were submitted by taxpayers, which is 28.2 percent more than it was planned and 28.2 percent more than in the previous year.

Fees

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	13,979	5,305	37.9	14,493	36.6
Input documents, received via eDavki (eTaxes), out of this number	–	1	–	0	–
2. Number of output documents	13,890	13,129	94.5	19,691	66.7
3. All documents in total (1. + 2.)	13,129	18,434	140.4	34,184	53.9
4. Number of cases with discovered irregularities	–	0	–	8	0.0
5. Number of voluntary disclosure cases	–	1	–	0	#DEL/0!
6. Effect of discovered irregularities - additionally assessed tax in EUR	100	0	0.0	500	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	57	–	0	#DEL/0!
8. Effect of control in total – additionally assessed tax in EUR	–	57	–	500	11.3

In 2008 5,305 input documents were submitted, which is 62.1 percent less than it was planned and 63.4 percent less than in the previous year. Taxpayers submitted 1 settlement of fee via eDavki (eTaxes). Tax offices issued 3,108 decisions according to the shortened procedure in the form of stamps, 9,933 decisions and 88 orders. There were no discovered irregularities. One taxpayer submitted a settlement on the basis of voluntary disclosure. The additionally assessed tax reached 57 EUR.

In December decisions were issued on assessment of compensation for regular operations and maintenance of common buildings and facilities on the land reclamation area for 2008.



Tax on vessels

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	2,253	919	40.8	0	0.0
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	4,788	5,237	109.4	0	0.0
3. All documents in total (1. + 2.)	7,041	6,156	87.4	0	0.0
4. Number of cases with discovered irregularities	–	0	–	0	0.0
5. Number of voluntary disclosure cases	–	0	–	0	0.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	511	0	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	0	–	0	0.0
8. Effect of control in total – additionally assessed tax in EUR	–	0	–	0	0.0

In 2008 919 input documents were submitted, which is 59.2 percent less than it was planned. For the assessment year of 2007 tax offices issued 415 decisions according to the shortened procedure in the form of stamps, 4,820 decisions and 2 orders. There were no taxpayers submitting tax returns on the basis of voluntary disclosure.

Assessment of tax on vessels is conducted on the basis of data, which the Tax Administration acquires from the Ministry of Transport, Maritime Administration of the RS, from administrative units and from taxpayers. Data, received from the Slovenian Maritime Information, up to now didn't include data about the unique personal identification number of vessel's owner, which hinders the identification of taxpayers. Assessment of vessels tax for 2007 was due to supplementation of data about taxpayers and establishment of the new programme support conducted only in the beginning of 2008. Assessment of vessels tax for 2008 is still not conducted due to incomplete data. It is planned that assessment will be conducted in the beginning of 2009 when the Slovenian Maritime Administration will complete its data also with unique personal identification numbers.

CAPITAL GAINS

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	73,704	109,039	147.9	67,692	161.1
Input documents, received via eDavki (eTaxes), out of this number	–	5,511	–	2,035	–
2. Number of output documents	73,244	105,581	144.1	65,302	161.7
3. All documents in total (1. + 2.)	146,948	214,620	146.1	132,994	161.4
4. Number of cases with discovered irregularities	–	3,095	–	1,048	295.3
5. Number of voluntary disclosure cases	–	5,239	–	3,453	151.7
6. Effect of discovered irregularities - additionally assessed tax in EUR	457,663	1,246,662	272.4	840,104	148.4
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	918,254	–	419,145	219.1
8. Effect of control in total – additionally assessed tax in EUR	–	2,164,916	–	1,259,249	171.9

Taxpayers submitted 109,039 tax returns for assessment capital gains, which is 47.9 percent more than it was planned and 61.16 percent more than in 2007. Taxpayers submitted 5,511 returns via eDavki (eTaxes).

105,581 output documents were issued, 723 decisions out of this number according to the shortened procedure in the form of stamps, 99,507 decisions on tax assessment and 5,351 orders.

Irregularities were discovered in 3,095 cases. Additionally assessed obligation was established in the amount of 1,246,662 EUR. Taxpayers submitted tax returns for assessment of capital gains with voluntary disclosure in 5,239 cases. The amount of additionally assessed tax on the basis of voluntary disclosure is 918,254 EUR. The total effect of control is the additionally assessed tax in the amount of 2,164,916 EUR.



Input and output documents in connection with capital gains

	INPUT DOCUMENTS			Input documents, received via eDavki (eTaxes), out of this number			OUTPUT DOCUMENTS		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
Interest	44,653	0	0.0	1,572	0	0.0	44,812	0	0.0
Dividends	2,722	0	0.0	0	0	0.0	2,667	0	0.0
Securities and investment coupons	40,006	0	0.0	3939	0	0.0	37,204	0	0.0
Immovable property	21,658	0	0.0	0	0	0.0	20,898	0	0.0
Capital gains – in total	109,039	67692	161.1	5,511	2,035	271	105,581	65,302	161.7

Number of irregularities and voluntary disclosure cases in connection with capital gains

	NUMBER OF IRREGULARITIES			Number of voluntary disclosure cases		
	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007	
Interest	2,238	0	0.0	4,022	0	0.0
Dividends	34	0	0.0	95	0	0.0
Securities and investment coupons	345	0	0.0	1,068	0	0.0
Immovable property	478	0	0.0	54	0	0.0
Capital gains – in total	3,095	1,048	295.3	5,239	3,453	151.7

Effects of control of capital gains

	EFFECT OF DISCOVERED IRREGULARITIES IN EUR			EFFECT OF VOLUNTARY DISCLOSURE IN EUR			EFFECT OF CONTROL IN EUR – IN TOTAL		
	YEAR		Index 08/07	YEAR		Index 08/07	YEAR		Index 08/07
	2008	2007		2008	2007		2008	2007	
Interest	450,663	0	0.0	455,233	0	0.0	905,896	0	0.0
Dividends	5,424	0	0.0	12,714	0	0.0	18,138	0	0.0
Securities and investment coupons	250,005	0	0.0	430,524	0	0.0	680,529	0	0.0
Immovable property	540,570	0	0.0	19,784	0	0.0	560,354	0	0.0
Capital gains – in total	1,246,662	840,104	148.4	918,254	419,145	219	2,164,916	1,259,249	171.9

Note: In 2007 data on capital gains were not collected according to individual income types.

Due to complexity of the field of assessment of personal income tax on capital gains from disposal of securities and other shares and investment coupons, the issuing of decisions requires more and more time every year. Control data for this source are insufficient.

Assessment of personal income tax on capital gains tax on transfer of ownership rights in connection with immovable property in 2008 took place without peculiarities.

Assessment of personal income tax on interest on money deposits at banks and savings banks, established in Slovenia and other EU Member States, has programme support and there were no special features.

Assessment of personal income tax on other types of interest and dividends has no programme support, so assessment and issuing of decisions are conducted manually.

In 2008 control was conducted about declared dividends, on which at payment personal income tax was not calculated and paid because they were paid via the intermediary, who is not obliged to calculate and withhold tax (there is no financial flow). In these cases the individual, who has received such income, shall declare tax by him/herself, i.e. with the tax return till 15th day in the month for the previous quarter.



IMPLEMENTATION OF TREATIES

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	15	0	0.0	0	0.0
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	4,166	5,110	122.7	3,830	133.4
3. All documents in total (1. + 2.)	4,181	5,110	122.2	3,830	133.4
4. Number of cases with discovered irregularities	–	0	–	0	0.0
5. Number of voluntary disclosure cases	–	1	–	3	33.3
6. Effect of discovered irregularities - additionally assessed tax in EUR	0	0	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	448	–	2,881	15.6
8. Effect of control in total – additionally assessed tax in EUR	–	448	–	2,881	15.6

Taxpayers submitted 5,110 applications for reduction, exemption and refund of withholding tax, which is 22.7 percent more than it was planned and 33.4 percent more than in 2007. Taxpayers didn't submit applications via eDavki (eTaxes).

4,385 decisions were issued according to the shortened procedure in the form of stamps, 582 decisions and 143 orders.

There were no discovered irregularities. The return was submitted with voluntary disclosure in 1 case. The amount of additionally assessed tax on the basis of voluntary disclosure is 448 EUR.

CERTIFICATES

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
1. Number of input documents	0	0	0.0	0	0.0
Input documents, received via eDavki (eTaxes), out of this number	–	0	–	0	–
2. Number of output documents	313,595	255,668	81.5	335,421	76.2
3. All documents in total (1. + 2.)	313,595	255,668	81.5	335,421	76.2
4. Number of cases with discovered irregularities	–	0	–	0	0.0
5. Number of voluntary disclosure cases	–	0	–	0	0.0
6. Effect of discovered irregularities - additionally assessed tax in EUR	0	0	0.0	0	0.0
7. Effect of voluntary disclosure – additionally assessed tax in EUR	–	0	–	0	0.0
8. Effect of control in total – additionally assessed tax in EUR	–	0	–	0	0.0

Structure of issued certificates

	Decision in the form of stamps	Decision	Order	Certificates	In total
Certificates ZUP	56	338	1,678	241,109	243,181
Certificates ZDavP	26	65	243	12,153	12,487
Certificates – in total	82	403	1,921	253,262	255,668

In 2007 controllers issued in total 255,668 various certificates, which is for 18.5 percent less than it was planned and for 23.8 percent less than in 2007. Issuing of certificates is a time-consuming task because certificates are mostly prepared manually.



Tax audit supervision

Activities of tax auditing in 2008 were directed not only into supervision over tax compliance, but also into considerably greater emphasis on preventive activities. It was directed into increasing the level of voluntary payment of tax obligations of persons liable for tax with increased presence in the field (preventive activities) and prevention of further tax evasion cases, mainly in the field of VAT, withdrawal of identification numbers for VAT and into activities within the competence of combating commission of criminal offences because system and organised VAT evasion cases were detected in the field.

In 2008 the Tax Administration successfully **managed** targeted audits in the following fields:

Construction field – this activity was in 2008 (in addition to the trade with motor vehicles) identified as the most risky one from the point of view of detected tax evasion cases and it received also the greatest share of attention. In the field of supervision over the construction field in 2008 2,911 audits were conducted, where tax obligations in the amount of 20.3 million EUR were additionally settled. Within the construction project in addition to regular activities we coordinated and conducted joint activities of supervision over performing business activities at building sites. Supervision was always conducted without announcement in advance. Cooperation was completely realised at the level of various authorities, which are in addition to the Slovenian Tax Administration also the Inspectorate of the RS for Environment and Spatial Planning (construction auditing), Labour Inspectorate of the RS (auditing of supervision over safety at work and auditing of supervision over employment relationships) and the Police. In the period from May to December 2008 75 actions in the field were conducted.

Trade with motor vehicles – this activity was in 2008 identified as one of the most risky one from the point of view of detected tax evasion cases. There were 758 conducted audits and additionally settled tax liabilities in these audits reached the amount of 8 million EUR. Supervision procedures in this industry are lengthy because the main part of supervision cases is connected with international information exchange and with taxpayers, who evade taxes with exploiting the system via "non-operating companies", where the tax authority doesn't have a possibility of concurrent supervision. Changes of legislation (tax on motor vehicles, VAT and Tax Procedure Act - ZDavP-2) were proposed, but unfortunately they were not realised.

Targeted audits of income of individuals, within which supervision was conducted over pharmaceutical companies, associations and institutes from the point of view of accuracy of paying taxes on income of individuals in connection with tax treatment of payments for participation in international conferences and supervision over other persons liable for tax in connection with auditing income in relation to life insurance.

In 2008 the Tax Administration in connection with the above-mentioned objectives conducted tax audit supervision at eight taxpayers over taxes and contributions on income of individuals for periods from 2005 to 2007, in which it established for 810,035.30 EUR of too low settled and paid tax liabilities in connection with too low advance payment of personal income tax on other income types for 741,524.06 EUR and for 68,511.24 EUR of participating interest.

Within supervision over accuracy of settling tax liabilities in connection with life insurance there were 193 conducted audits and additionally settled tax liabilities in these audits reached the amount of 108,157 EUR.

Targeted supervision over corporate income tax; procedures were targeted and managed in the field of auditing of transfer pricing and relief for research and development.

In the field of auditing of transfer pricing it is evident that in 2008 42 audits were conducted. The supervision period mainly referred to 2006 and 2007. In tax audit procedures of transfer pricing there were 1,164,512.79 EUR of additionally estimated liabilities, including interest. Other indirect effects, which refer mainly to decrease in tax loss, reached 692,428.95 EUR.

Targeted audits of corporate income tax were also conducted at taxpayers, who in the tax settlement for 2006 exercised decrease in the tax base for investments in research and development – general and tax regional relief types (state subsidies). There were 134 conducted tax audits at taxpayers, who in the tax settlement exercised relief for RIR – general, in which tax liabilities in the amount of 349,293.34 EUR were additionally settled.

Report of property and tax assessment in these cases; in 2008 we intensively started with establishing of the gap between property and declared income of individuals, selections of taxpayers are as a rule conducted on the basis of investigation activities, analysis of databases and findings from tax audit supervision procedures. The above-mentioned tax assessment procedures are in these special



cases demanding and lengthy; they require acquisition and checking of data from internal databases, acquisition and checking of data at other legal entities and individuals and also acquisition of data from abroad. In 2008 the Tax Administration had 109 persons on the list for checking of property. In 2008 procedures of appraisal and tax assessment were introduced in special cases at eight individuals. Two cases are concluded with findings that there are no reasons for appraisal and tax assessment on undeclared income. Additionally settled tax obligations were established in two cases in the amount of 220,000 EUR – minutes were issued and four cases are still in the process.

In addition to the above-mentioned cases activities of tax auditing were in the following fields:

- Preparation of proposals for changes of legislations with explanations and estimations of financial effects
- Development of modern techniques and methods for tax audit supervision because 46 percent of active inspectors use ACL (Audit Command Language) programme tool in their procedures, 125 ACL licences are used, realisation of workshops and participation in FISCALIS E-audit project of the European Commission
- Preparation of media announcements about planned activities and discovered significant irregularities in tax audit supervision
- Preparation of methodology for targeted procedures of tax audit supervision, coordination and realisation of workshops for tax audit supervision managed within projects, preparation of criteria and selections of taxpayers and planning of tax audit supervision managed within projects
- Preparation of methodology and samples of issued documents in procedures of preventing illegal work
- Preparation of methodology with the purpose of standardising of tax audit procedures and provision of uniform implementation of tax supervision procedures
- Provision of professional support and resolution of problems in the most demanding procedures of audits from the point of view of discovering and preventing tax frauds and from the point of view of uniform implementation in audit procedures
- Cooperation with prosecutors in actual cases of audits, the Police, other enforcement authorities and other external organisations within resolution of actual tax audits in connection with the sanction policy
- Cooperation with the OECD and preparation of replies to OECD extensive questionnaire and at discussions in connection with accession negotiations of Slovenia for full membership in the OECD
- Implementation of activities in the field of international concurrent audits
- Cooperation with international organisations and foreign tax administrations

In 2008 7,827 audits were conducted. In audit procedures additional direct liabilities were established in the amount of 90,549,332 EUR and indirect liabilities in the amount of 17,083,545 EUR. The amount of paid additionally established direct liabilities was 55,916,915 EUR.

	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08 / 07
1. Number of audits	7,420	7,827	105.5	6,278	124.7
2. Direct liabilities according to minutes in EUR - in total	74,736,925	90,549,332	121.2	87,067,610	104.0
3. Indirect liabilities according to minutes in EUR - in total	34,396,126	17,083,545	49.7	42,195,804	40.5

Number of audits and subjects of supervision

NUMBER OF AUDITS

In 2008 there were 7,827 of conducted audits, which is for 5.5 percent more than it was planned and 24.7 percent more than in the same period of 2007.



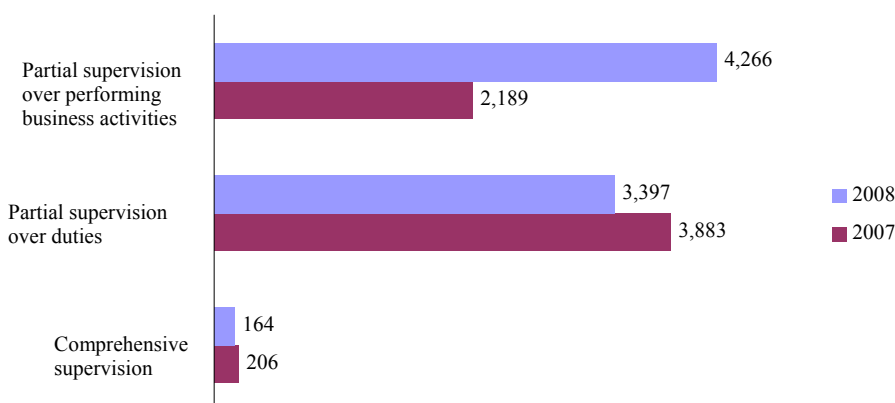
Number of audits according to types of supervision

SUPERVISION TYPES	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08 / 07
Comprehensive audit	222	164	73.9	206	79.6
Partial supervision over duties	4,450	3,397	76.3	3,883	87.5
Partial supervision over performing business activities	2,748	4,266	155.2	2,189	194.9
IN TOTAL	7,420	7,827	105.5	6,278	124.7

In 2008 3,561 audits were conducted (comprehensive supervision and partial supervision over duties) or 45.5 percent of all conducted audits and 4,266 partial audits of performing business activities or 54.5 percent of all conducted audits. The percentage of achieving the annual plan is 73.9 percent at comprehensive audits, 76.3 percent at partial audits of duties and there were 55.2 percent more conducted audits in comparison with the planned ones at partial audits of performing business activities.

Deviations from the set objectives are a consequence of establishing the increase in tax evasion cases at the beginning of 2008, due to which the Tax Administration changed the supervision method in auditing. Activities of tax auditing in 2008 were directed not only into supervision over tax compliance, but also into considerably greater emphasis on preventive activities.

Audits in 2008 and 2007 according to supervision types



Share of audits with discovered irregularities (percentage)

Type of supervision	Share of audits with discovered irregularities (including violations)		
	2008	2007	Index 08/07
Tax audit supervision (comprehensive supervision + partial supervision over duties)	69.2	59.7	115.9
Partial supervision over performing business activities	18.0	35.3	51.0

The share of audits, where irregularities were discovered, in 2008 reached 69.2 percent of all conducted audits. The share of comprehensive audits with discovered irregularities reached 81.1 percent of all conducted comprehensive audits, the share of partial audits of duties with discovered irregularities was 68.6 percent of all conducted partial audits of duties.

The share of audits with irregularities at partial audits of performing business activities, the main purpose of which is tax auditing's preventive activity in the field, was 18.0 percent of all conducted audits of this type.

In 2008 audits were mainly targeted on individual risky fields, which we defined on the basis of existing experience and conducting risk analysis with processing of available data on taxpayers. They were directed mainly into auditing of taxpayers, who performed business activities, which are risky



from the view of paying tax obligations (construction, trade with motor vehicles, auditing of taxpayers – recipients of invoices from missing traders – various activities).

Targeted audits were conducted also at supervision over income of individuals and legal entities.

Activities of tax auditing in 2008 were directed not only into supervision over tax compliance, but also into considerably greater emphasis on preventive activities. It was directed into increasing the level of voluntary payment of tax obligations of persons liable for tax with increased presence in the field (preventive activities) and prevention of further tax evasion cases, mainly in the field of VAT, withdrawal of identification numbers for VAT and into activities within the competence of combating commission of criminal offences because system and organised VAT evasion cases were detected in the field.

Number of audits according to the size of taxpayers

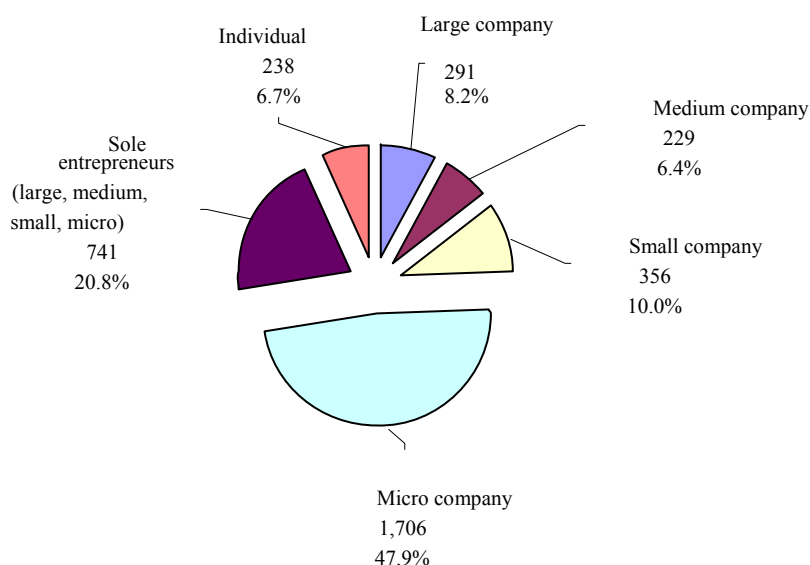
Size of taxpayers	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08 / 07
Large taxpayers	465	301	64.7	X	X
Medium taxpayers	267	238	89.1	X	X
Small taxpayers	751	415	55.3	X	X
Micro taxpayers and taxpayers smaller than micro ones	3142	2369	75.4	X	X
Individuals	47	238	506.4	X	X
IN TOTAL	4,672	3,561	76.2	4,089	87.1

* Data for 2008 and 2007 are not comparable. In 2008 taxpayers are according to the size classified under provisions of the Companies Act. In 2007 the size of taxpayers was defined according to the internal Methodological manual for auditing procedures.

The number of realised audits was 3,561, which is 23.8 percent less than it was planned or 12.9 percent less than in the previous year.

The number of realised audits is slightly lower than it was planned. The reason for lower realisation is a greater emphasis on preventive activities of tax auditing.

Tax audit supervision (comprehensive supervision and partial supervision over duties) in 2008 according to the size of taxpayers



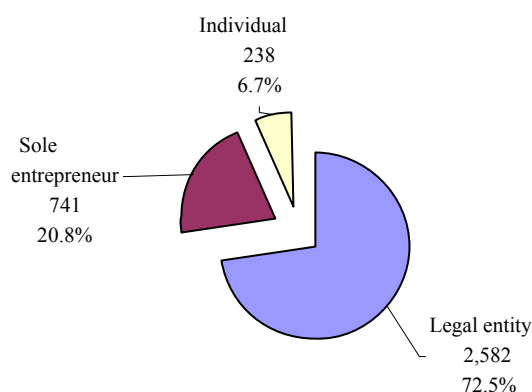


Number of audits according to the status of taxpayers

Status of taxpayers	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07
Legal entities	4,228	2,582	61.1	X	X
Sole entrepreneurs	397	741	186.6	X	X
Individuals	47	238	506.4	X	X
IN TOTAL	4,672	3,561	76.2	4,089	87.1

* Data for 2008 and 2007 are not comparable. In 2008 taxpayers are according to the size classified under provisions of the Companies Act. In 2007 the size of taxpayers was defined according to the internal Methodological manual for auditing procedures.

Structure of audits in 2008 according to the status of taxpayers



The largest number of audits (2,582) was conducted at legal entities, which is 72.5 percent of all conducted tax audits. Then there were audits at sole entrepreneurs, where the number of conducted audits was 741 or 20.8 percent of all conducted tax audits.

238 audits were conducted at individuals, which is 6.7 percent of all conducted tax audits.

SUBJECTS OF SUPERVISION

Number of conducted subjects of supervision

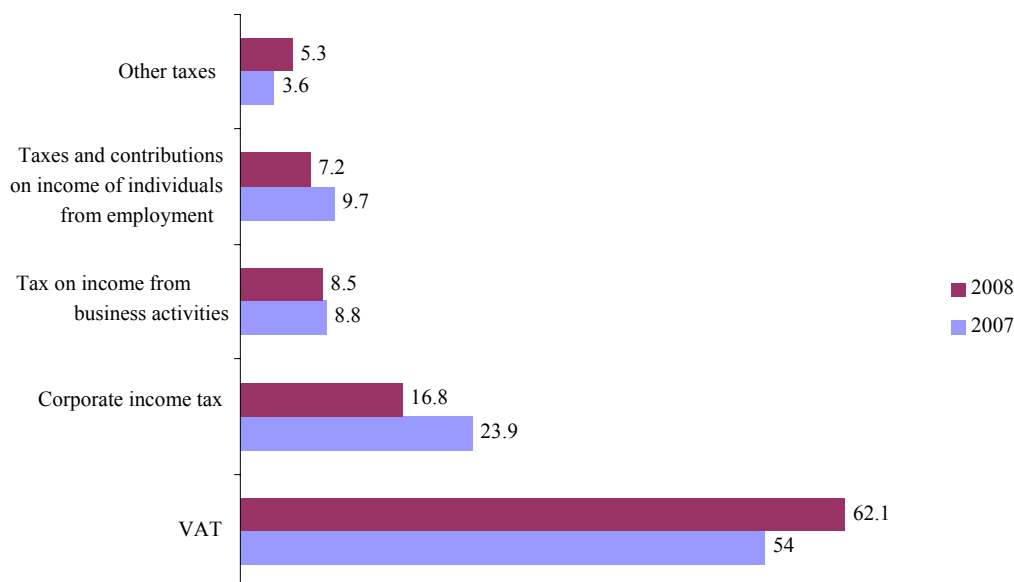
SUBJECTS OF SUPERVISION	2008		2007		Index 08/07
	Number	Structure in %	Number	Structure in %	
VAT	3,826	62.1	3,268	54.0	117.1
Corporate income tax	1,033	16.8	1,446	23.9	71.4
Tax on income from business activities	526	8.5	530	8.8	99.2
Taxes and contributions from incomes of individuals from employment	445	7.2	587	9.7	75.8
Other taxes	328	5.3	216	3.6	151.9
In total	6,158	100	6,047	100.0	101.8
Other subjects of supervision*	4,794		2,089		229.5
All subjects of supervision – in total	10,952		8,136		134.6

* Cash register operations, business books and documentation, inventory of stocks, assets, inspection of business premises, funds, business activities, cross-checking of invoices, acquisition of data, illegal work, other (duties are not subject to supervision), duties were not audited.



In 2008 10,952 subjects of supervision were audited within the audit supervision set, which is for 34.6 percent more than in the same period of the previous year. 6,158 subjects of supervision over tax settlements were audited, the largest share out of this number belongs to VAT supervision cases, i.e. 62.1 percent and supervision over corporate income tax: 16.8 percent. Then there were supervision cases for taxes and contributions on income of individuals with 8.5 percent, supervision over tax on income from business activities with 7.2 percent and supervision over other taxes with 5.3 percent. In total 4,794 of other subjects of supervision over performing business activities were also conducted.

Structure of audits according to subjects of supervision



ESTIMATED ADDITIONAL LIABILITIES IN TAX AUDIT SUPERVISION PROCEDURES

Additional direct liabilities were estimated in tax audit procedures in the amount of **90,549,332 EUR**, which is 4.0 percent more than in 2007. In relation to the plan for 2008 the additionally settled obligations were for 21.2 percent larger than they were planned.

Estimated additional liabilities and payments in 2008 (in EUR)

Types of liabilities	Annual plan 2008	Realisation 2008	Percentage of annual plan realisation	Realisation 2007	Index 08/07	Realised payments 2008
Taxes on income and profit	38,086,060	29,666,551	77.9	42,932,694	69.1	18,904,856
Social security contributions	7,136,005	2,922,260	41.0	2,932,683	99.6	2,227,075
Taxes on payroll and workforce	1,359,372	309,715	22.8	792,755	39.1	243,358
Taxes on property	224,211	12,650	5.6	171,142	7.4	5,650
Domestic taxes on goods and services	27,795,912	57,539,010	207.0	40,073,773	143.6	34,410,443
Other taxes	63,656	44,300	69.6	77,721	57.0	12,135
Non-tax revenues	71,708	54,846	76.5	86,841	63.2	113,399
Estimated additional direct liabilities - in total	74,736,925	90,549,332	121.2	87,067,610	104.0	55,916,915
Estimated additional indirect liabilities - in total	34,396,126	17,083,545	49.7	42,195,804	40.5	594,377



The largest amount of established direct liabilities was realised in connection with domestic taxes on goods and services, i.e. 57,539,010 EUR (63.5 percent of all estimated additional direct liabilities) and in connection with tax on income and profit, where the amount of estimated additional direct liabilities was 29,666,551 EUR (32.8 percent of all estimated additional direct liabilities). The plan in connection with estimated additional tax liabilities in connection with domestic taxes on goods and services was exceeded for 107.0 percent, which is a consequence of the changed supervision strategy due to occurrence of organised tax evasion in the field of these taxes.

In 2008 55,916,915 EUR of estimated additional direct tax liabilities were paid, which is for 82.8 percent more than in the same period of the previous year.

17,083,545 EUR of additional indirect liabilities were also estimated (the change of the base for business activities, reduction of loss, additionally recognised relief, etc.).

Number of voluntary disclosure cases and amount of tax, declared by voluntary disclosure

	Number of voluntary disclosure cases			Amount of voluntary disclosure cases		
	2008	2007	Index 08 / 07	2008	2007	Index 08 / 07
In total	138	46	300.0	3,036,447	406,871	746.3

In 2008 auditing recorded 138 voluntary disclosure cases of taxpayers, which is for 200.0 percent more than in 2007. The value of tax, declared by voluntary disclosure of taxpayers, was in 2008 3,036,447 EUR, which is for 646.3 percent more than in the same period last year. The value of tax, declared by voluntary disclosure, is included in the total amount of additionally settled tax liabilities.

Work in the field of investigation and analysis

In 2008 the Unit for investigation and analysis (PAO) at the General Tax Office conducted tasks of planning, directing, supervision and coordination of investigation work, it developed methods and techniques of tax investigation, discovered new tax evasion types, in which they occur, cooperated with other state bodies in the field of prosecution of economic crime and developed investigation procedures. In 2008 the PAO actively participated in discovering of tax evasion also in the international field, i.e. via SCAC 383 forms, EUROCANET base and AUTOCANET base.

The work of tax investigation was directed into prevention and discovering of tax offences and other types of criminal conduct, which are defined in regulations, for supervision of which the tax administration is competent. At the end of 2008 the unit had in addition to its head also eight senior tax inspectors – investigators and one senior adviser, who performed investigation tasks under the Instructions for uniform implementation of tax investigation (April 2008). In accordance with these instructions tax investigation was conducted exclusively at the General Tax Office.

Tasks in the field of investigation and analysis

In the annual work plan of the Unit for investigation and analysis for 2008 140 tax investigation cases were planned and the realisation was as follows:

173 tax investigation cases were conducted (147 in November for report of property) and 11 investigation cases were resolved,
546 cases were received, out of this number there were 465 cases resolved.

Results of work and conducted activities of the Unit for investigation and analyses reflected in joint final findings of tax inspectors at tax offices. So 280 cases were relinquished to tax offices, out of this number there were 189 conducted tax audits, there were 14 audits on the basis of final investigation reports and the result of these audits was 10,206,455 EUR of subsequently established tax obligations.

Out of 546 received cases the largest share (53 percent) refers to reports of individuals, there were 12 percent of proposals submitted by the Office for Prevention of Money Laundering and 7 percent submitted by the Police. On the basis of the received information and additional analysis the tax investigation was introduced in certain cases or a proposal was submitted for necessary measures and



data were relinquished to tax offices. The received reports most frequently refer to reports of employees against employers or other significant tax violations (46.7 percent of all), then there are reports in connection with illegal work (12.5 percent of all), withdrawal of cash of responsible persons at the legal entity (11.2 percent of all) and failure to issue invoices (8.4 percent). The Tax Administration recorded 813 calls to the anonymous phone number, out of this number the procedure after the analysis continued at 90 matters.

In 2008 tax investigators focused the greatest deal of attention on investigation of tax evasion in the field of risky activities, report of property, analysis of received tax evasion reports and cooperation with the Police and other state bodies, preparation of the proposal for system arrangement of the field of supervision over taxpayers, who perform business activities with cash. One of the priorities was also discovering and prevention of frauds of tax carousel type, especially missing trader companies and persons, who are organisers of frauds. Within these activities investigators participated in introduction and implementation of projects of supervision over trade with motor vehicles and construction, i.e. at identification of risky taxpayers and at selection of taxpayers for audits.

Reporting of the property

On 7 August 2008 the Internal instructions were issued in connection with implementation of provisions for property report. The instructions include the defined time plan, according to which the instructions should be implemented. In the first phase the PAO prepared a selection of 29 taxpayers, at whom a suspicion exists that they have at their disposal funds for private consumption, which considerably exceed the declared income. These data were submitted to tax offices, which sent 23 calls for property report to individuals.

Another 147 tax investigation cases were still open in the second phase on the basis of analyses of bases, which are at our disposal, for taxpayers where a suspicion exists of the gap between declared income and property, which is at their disposal. Up to 1 December 2008 we sent the total number of 91 calls for property report from acquired data in the investigation procedure. Procedures for acquisition of data according to sent calls and their analyses are in the process.

Cooperation with the Police and other state authorities

In January 2008 a meeting was organised with the General Police Administration, Division of Criminal Police and Office for Prevention of Money Laundering, at which it was agreed about joint attempt for resolution of and intervention in cases, which are in the moment of supervision initiation still alive (before business entities cease to exist or persons responsible disappear). In the past it happened that participants in criminal activities put a straw man for a responsible person, so subsequently, when tax audit supervision was introduced, it was difficult for competent authorities to prove who was the true organiser or broker at these transactions. Results of direct cooperation with the police are joint activities in even larger current cases, which are mostly still in progress, but positive effects of cooperation of this type are already evident. A new agreement on mutual cooperation between the tax and police administrations is in the process of preparation. Joint actions, press conferences and other events will be also prepared for purposes of preventive activities. In cooperation with the General Police Administration and Office of the Prosecutor in 2008 one of the companies, which organised the net of missing trader companies and which was a broker in this business, was disclosed (the Tax Administration would not be able to prove this in the usual way on the basis of authorisations, which are at its disposal).

Common effects of this cooperation were:

- more charge proposals,
- more house searches and personal detention cases,
- tax evasion probably estimated as larger than 1 million EUR.

In addition to the above-mentioned facts in 2008 25 cases, for which the pre-trial criminal procedure is mostly already in progress, were received from the Ministry of the Interior.

In addition to cooperation with the Police discovering of persons who committed tax evasion took place also with the Office for Prevention of Money Laundering, which in 2008 submitted the total number of 33 pieces of information, which included over 600 legal entities and individuals, to the Tax Administration. The information mainly referred to disputable business activities via transaction accounts (large, illogical cash deposits and withdrawals).



“RDEČA PIKA” (RED DOT) application

Upon proposal of the PAO in 2008 »RDEČA PIKA« application was established. The reason for introduction of application was based on findings that the same persons appear under the so-called missing trader companies. The application is intended for employees, who work in the field of VAT registration, and also for inspectors and investigators. Companies, for which it has been established that they are missing trader companies, are entered into the system, including tax numbers of responsible persons of these companies and their founders. In 2008 642 taxpayers were entered into the application.

International Information Exchange

In 2008 activities were directed into timely and qualitative exchange of data in the field of direct and indirect taxes and mutual administrative assistance at collection of taxes among competent bodies.

Exchange of data in the field of VAT (Council Regulation (EC), no. 1798/2003 and Commission Regulation 1925/2004)

a) exchange upon request (Article 5) – the number of processed cases was 322, out of this number there were:

- 171 received requests for submission of SCAC data (153 resolved),
- 151 sent requests for acquisition of SCAC data (90 resolved),

b) spontaneous exchange:

The Tax Administration mutually exchanged data with competent authorities of other EU Member States about new motor vehicles (330 data sent, 23 data received), VAT refunds to taxpayers without the seat on the territory of the state (5,402 data sent, 5,497 data received), potential missing traders (52 data sent), taxpayers, to whom VAT identification number has been withdrawn or is ceased (99 data sent, 3,443 data received), assignment of VAT identification numbers to taxpayers with the seat in another Member State (133 data sent, 19 data received). On the basis of Regulation's Article 19 there were 15 cases of Tax Administration's spontaneous submission of information (0 answered) and 54 cases of spontaneous receipt of information (43 answered).

In 2008 the Tax Administration conducted also 28,092 checks of identification numbers for VAT purposes of foreign taxable persons (20,830 current verifications out of this number and 7,262 historical verifications of VAT identification numbers of foreign business partners on the territory of the Community). It also conducted 307,780 verifications of transaction data (supplies and acquisitions within the Community) of Slovenian as well as foreign persons liable for VAT.

Implementation of mutual administrative assistance among EU Member States at tax collection for 2008

In the field of implementation of mutual administrative assistance among EU Member States at collection of taxes the Tax Administration received 79 requests from EU Member States for forcible collection of taxes, 3 requests for acquisition of data and 2 requests for delivery. The Tax Administration submitted three requests for delivery into EU Member States, 6 requests for enforcement and one request for acquisition of data. The whole amount of taxes for enforcement, submitted from EU Member States, in 2008 reached 344,360.13 EUR, the amount of tax, which still remains to be forcibly collected out of this number, is 186,863.51 EUR.

Implementation of mutual assistance at exchange of data and delivery of documents among EU Member States for direct taxes and taxes on insurance premiums (Council Directive 77/799/EEC and convention on avoidance of double taxation)

In 2008 the Tax Administration received 23 requests for exchange of data from abroad and it submitted 21 requests for data exchange to foreign states.

The Tax Administration exchanged data also spontaneously and automatically with competent authorities of other states. There were 309 exchanged spontaneous data and 1,106 automatic data.

The transmitting part of SMF (Standard Magnetic Format) was tested for exchange of data about direct taxes in accordance with recommendations of OECD standard.



Exchange of data among EU Member States and dependent or associated territories in relation to incomes on savings in the form of payments of interest

In 2008 7,980 data were submitted into EU Member States on income from savings in the form of payments of interest, which were in 2007 in the Republic of Slovenia achieved by entitled owners, tax residents of EU Member States. The Tax Administration received 29,792 data on incomes from savings of entitled owners, tax residents of the Republic of Slovenia from other Member States and dependent or associated territories. Income in connection with the collected withholding tax, which were remitted by EU Member States and dependent or associated territories to the benefit of the Republic of Slovenia in 2008 reached 2,088,200.79 EUR.

Coordination of multilateral control

The preselection meeting FMCS29 with Italy and Austria for introduction of multilateral control was conducted. The Tax Administration participated in FMC 65 and managed FMC 68.

Other tasks

At the EU level the Tax Administration actively participated in the Standing Committee for Administrative Cooperation (SCAC), Recovery Committee, Working Group for Administrative Cooperation in the field of Direct Taxes, Working Group for Updating Risk Management Guide and Working Group for Multilateral Control. Changes of EU legal bases in the field of mutual administrative assistance at tax collection and exchange of data on direct taxes consequently represented preparation of proposals for changes as well as review of changes. New legal bases introduce application of electronic forms, so activities were directed into review and testing of new forms and they will continue also in 2009.

Tax Administration's employees participated as members in project groups of the European Commission as follows:

- FPG 43: Exchange of information and need for feedback,
- FPG 44: Quality improvement in the field of information exchange.

Tax Administration's employees participated in OECD working group as members of the working group at evaluation of compliance with the Convention on the Prevention of Bribery of Foreign Civil Servants.

II. 4 PREVENTION AND DISCOVERING OF TAX OFFENCES AND OTHER CRIMINAL OFFENCES

In 2008 the Tax Administration issued 3,192 payment orders and 1,068 offence decisions.

Within tax supervision 630 payment orders were issued, with which 630 offenders were sanctioned for 647 committed offences. 819 offence decisions were also issued, with which 1,303 offenders were sanctioned for the total number of 1,815 offences. The sanction of fine was imposed in 563 cases or 43.2 percent to offenders and the sanction of reminder was imposed in 740 cases or 56.8 percent to offenders.

In the field of control 2,561 payment orders were issued, with which 2,561 offenders were sanctioned for 2,579 committed offences. 220 offence decisions were also issued, with which 287 offenders were sanctioned for the total number of 323 offences. The sanction of fine was imposed in 174 cases or 60.6 percent to offenders and the sanction of reminder was imposed in 113 cases or 39.4 percent to offenders.

In other field of Tax Administration's work 1 payment order was issued to an offender, committing one offence, and 29 offence decisions, with which 29 offenders were sanctioned for the total number of 33 committed offences. The sanction of fine was imposed in 22 cases or 75.8 percent to offenders and the sanction of reminder was imposed in 7 cases or 24.2 percent to offenders.

In 2008 in the expedited offence procedure the total number of sanctioned offences was 5,398, the largest share of committed offences out of this number were those, which are defined by the Tax Procedure Act and Value Added Tax Act. The most frequent offences under the Tax Procedure Act are offences due to delivery failure for data for needs of personal income tax collection or late delivery or delivery of data in a way, which is not prescribed (Article 397 Paragraph 1 Item 24). In relation to completion of this legal obligation of taxpayers the Tax Administration in 2008 conducted stricter supervision. Then there are offences, committed due to failure to submit tax settlements or their late submission or in a way, which is not prescribed (Article 397 Paragraph 1 Item 1), then due to failure to



keep business books and records or failure to keep them in accordance with the law or they are not managed in a proper and accurate way or in a way, which provides data for establishing tax obligations (Article 397 Paragraph 1 Item 6), then there are offences due to failure to calculate or failure to withhold or failure to pay withholding tax for the taxable person in accordance with the law (Article 397 Paragraph 1 Item 3).

The most frequent offences under the Tax Procedure Act are offences due to failure to submit VAT settlements or their late submission or due to lack of correct data in the settlement (Article 141 Paragraph 1 Item 8), then inaccurately settled VAT amount, which may be deducted (Article 141 Paragraph 1 Item 1), etc.

In 2008 offenders filed 798 requests for judicial protection, 651 out of this number on issued payment orders, which represents 81.6 percent of all filed requests for judicial protection and 147 on issued offence decisions, which is 18.4 percent of filed requests for judicial protection. Out of all requests for judicial protection, which the tax authority had to consider (the total number is 1,044), the Tax Administration resolved 252 requests within its own competence, which is 24.1 percent of all, out of this number there were 228 requests, filed on payment orders, and 24 requests, filed on offence decisions. Out of this number there were 79 cases, where the offence procedure stopped, imposing a fine was replaced in 70 cases with imposing a sanction of reminder and 103 requests for judicial protection were rejected due to procedural reasons. 497 requests for judicial protection were relinquished for resolution to competent courts.

In 2008 259 resolved requests for judicial protection were received from courts, 54.4 percent out of this number were refused due to substantive reasons, 4.2 percent rejected due to procedural reasons, there were 9.3 percent offence procedures, which were stopped, in 32.1 percent of cases decisions of the offence body were changed, mostly in the imposing of a sanction because the court changed the sanction of a fine into the sanction of a reminder.

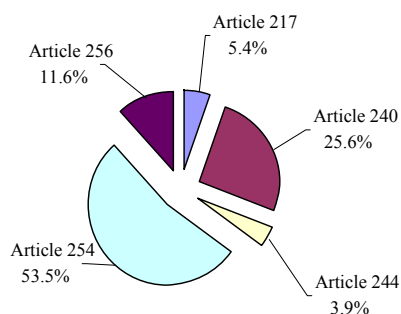
At the end of 2008 763 relinquished requests for judicial protection were still in the resolution procedure, 6 out of this number were from 2005, 37 from 2006, 236 from 2007 and 484 from 2008.

In 2008 there were no accusatory instruments filed. 338 proposals were submitted for determination of compliance detention. At the end of 2008 in total 303 procedures in connection with determination of compliance detention were in the court procedure.

11 offenders proposed performing of tasks for general social benefits or benefits of self-governing communities. There were also 24 submitted applications for payment of imposed fines in instalments, the result was positive at 17 out of this number.

In 2008 the Tax Administration filed 129 criminal charges due to suspicion of committing criminal offences, i.e. 52 charges against legal entities and 77 against individuals. In 2008 the number of criminal charges filed at competent district state prosecutors' offices in comparison with 2007 increased considerably, while the increase in comparison with 2006 is 29 percent. In addition to filed charges the Tax Administration in 2008 recorded also 243 announcements, which it submitted to police stations.

Structure of criminal charges according to criminal offences





The most frequently detected criminal offence, for which a criminal charge was submitted from the Tax Administration to the competent district state prosecutor's office, was a criminal offence according to Article 254 of the Penal Code, which is evasion of financial obligations (69 charges), which represents even 53.5 percent of all cases. The second most frequent criminal offence among charges was a criminal offence of forgery or destruction of business documents according Article 240 of the Penal Code with 25.6 percent. Also 15 criminal charges were filed due to suspicion that a criminal offence of forgery of documents was committed according to Article 256 of the Penal Code (11.6 percent) and 7 charges due to a criminal offence of fraud under Article 217 of the Penal Code (5.4 percent). The charge in the remaining 5 cases was submitted due to suspicion of commitment of a criminal offence of misuse of position or rights under Article 244 of the Penal Code (3.9 percent).

II. 5. DISPUTE RESOLUTION

In 2008 21,214 appeals were filed, which means for 24.4 percent less than in the same period last year (28,066). The largest number of appeals was filed against decisions on compensation for use of building land (9,351, which means 44 percent of all appeals), appeals against decisions on assessment of personal income tax – annual settlement are on the second place (2,666, which means 12.5 percent of all appeals), appeals against decisions on assessment of personal income tax from basic agricultural and basic forestry activities are on the third place, i.e. 1,913 filed appeals (9 percent). The reason for such a high number of appeals against decisions on assessment of compensation for the use of building land is unreliable data from municipalities about tax bases of taxpayers. The Tax Administration assesses this tax on the basis of data from records of municipalities and not on the basis of its own records. The number of appeals against these decisions is in 2008 even higher as it was in 2007, when there were 8,861 appeals.

The second highest number of appeals refers to decisions on assessment of personal income tax on the annual level, which reached 2,666 in comparison with 12,251 appeals in 2007. The reason for such a decrease is in the new method for assessment of personal income tax on the annual level when informative calculations are sent to taxpayers and if taxpayers don't file appeals, these informative calculations become decisions. Possible irregularities in the informative calculation of personal income tax are eliminated already in the procedure of testing objections and additional data of taxpayers are taken into consideration, mainly in relation to taking relief for dependants into consideration and formally more demanding appeal procedures don't have to be conducted.

The reason for considerably high percentage of appeals against decisions on assessment of personal income tax on income from basic agricultural and basic forestry activities (in 2007 there were only 90 appeals against these decisions) is that decisions were issued at taking into consideration average amounts of subsidies, which resulted in massive filing of appeals, while the opinion was adopted subsequently that only actually received subsidies were taxed.

Dispute resolution at the first instance

	2008	2007	Index 08/07
Number of unresolved disputes on 1/1	3,052	3,075	99.2
Number of filed appeals in the period	21,214	28,066	75.8
Number of processed appeals in the period	20,606	28,089	66.9
Out of this number:			
- resolved at the first instance	15,025	22,448	66.9
- relinquished to the second instance	4,836	4,451	108.6
- withdrawn	745	1,190	62.6
Number of unresolved disputes on 31/12	3,660	3,052	119.9

In 2008 the Tax Administration processed 20,606 appeals. It resolved 15,025 appeals within its own competence, which means 33.0 percent less than in 2007 (22,448). 4,836 appeals were relinquished to the second instance, which means 8.6 percent more than in 2007 (4,451). 745 appeals were withdrawn, which is for 37.4 percent less than in the year before (1,190).



Number of filed and processed appeals in 2008 and 2007 according to fields



At the end of 2008 the Tax Administration had 3,660 disputes unresolved, which is 19.9 percent more than at the end of 2007. The largest number of unresolved disputes was against decisions on assessment of personal income tax – annual settlement (1,678) and against decisions on assessment of compensation for the use of building land (1,159 unresolved disputes). The reason for such a large number of unresolved appeals in cases of assessment of personal income tax on the annual level is that these appeals are processed in massive numbers, in the so-called groups, so that at the same time the prevailing part of appeals is resolved in an individual group.

In the field of compensation for the use of building land appeals are still unresolved in such a large number because competent municipalities are asked for data for each of these appeals and as a rule municipalities need plenty of time for replies, usually several months. Appeals in both mentioned cases represent even 77.5 percent of all unresolved appeals in the total number of unresolved appeals.

In comparison with the previous period (2007) considerable decrease in the number of filed appeals is evident, mainly due to reduction of appeals against decisions on assessment of personal income tax – annual settlement due to the new method for assessment of personal income tax. Decisions on assessment of compensation for the use of building land, which in the total number represent 44 percent of all appeals, still remain a critical field.

II. 6 COMMUNICATION WITH KEY GROUPS OF TAX ADMINISTRATION'S PUBLIC

In 2008 at communication with key groups of the public the Tax Administration acted in accordance with the business strategy. In this field it realised the following objectives: professional competence and development, transparency of operations and effectiveness of Tax Administration's work.

The Tax Administration cooperates with a whole range of institutions and organisations, from state bodies to constituent parts and associations, unions, societies, institutes, education institutions, etc. on a daily basis. In addition taxpayers, legal entities and individuals, contact the Tax Administration on a daily basis in connection with tax procedures. Information is available to taxpayers at tax offices and local branch offices in person and by telephone.

Tax Administration's website is one of basic communication channels for communication with key groups of Tax Administration's public. In 2008 the website included 231 published explanations, 93 pieces of news, 176 legal bases, on the basis of which the Tax Administration operates, and 392 forms, which included 135 forms in the Slovenian language, 33 in English, 2 in Croatian, 111 in Hungarian and the same number in Italian.



In 2008 journalists sent 555 enquiries to the Tax Administrations and they asked 1,661 questions (approximately 6.5 questions per day), which is more than 10 percent more than in the same period of the previous year. At the same time the Tax Administration received (directly via the PR Department) 632 questions from taxpayers, which is more than 80 percent more than in the same period of the previous year. Taxpayers sent questions also via eUprava portal in 435 cases, which is 2.8 percent more than in the same period of the previous year. Tax Administration's answers were correct and prompt.

The central topics from questions of taxpayers, journalists and others referred mainly to information and explanations from the field of tax legislation and other regulations, the field of tax supervision, to tax forms and instructions for their completing, registration procedures and other tax procedures, methods for payment of taxes and other obligatory duties and other pieces of information, such as information about Tax Administration's performance.

In 2008 the Tax Administration prepared 40 public releases and conducted 3 press conferences, at which we presented Personal Income Tax 2007, performance results of the Slovenian Tax Administration in 2007, information in connection with the new tax information system, IOTA General Assembly and submission of individual REK forms.

In 2008 the Tax Administration published 2 brochures in connection with electronic tax services and submission of data for assessment of personal income tax as an addition to informing.

Due to needs for increasing satisfaction of taxpayers and experience from 2007 we continued with promotion of VIDA - virtual tax assistant. Employees of PR Department actively participated in updating performance of the virtual tax assistant, who expanded her »knowledge« to the field of smart search among topics, published at Tax Administration's website. Plenty of information is available at Tax Administration's website, but taxpayers can find it considerably faster and in a more simple way with the assistance of the virtual tax assistant.

II. 7 INTERNATIONAL CO-OPERATION

At the end of June and at the beginning of July 2008 the Slovenian Tax Administration hosted 12th General Assembly of the most important European Organisation of Tax Administrations (IOTA) in Portorož. General Assembly's professional theme was "Joined up Government: more efficiency and reducing the administrative burden through cooperation between other governmental bodies" and there were more than 150 participants, including also representatives of the European Commission, IMF, OECD and others.

In 2007 at the 11th General Assembly in Bulgarian Varna the Director-General of the Slovenian Tax Administration was with vast majority elected to be the next President of IOTA, so Slovenia had the honour of hosting the highest body of this organisation. The Director-General of the Tax Administration has been entrusted with a one-year term of office as IOTA President.

The Slovenian Tax Administration actively participated also in other activities of IOTA.

Tax Administration's representatives participated also in various professional meetings with other tax administrations or they prepared such meetings also in Slovenia. They also participated in meetings of international organisations.

In January the Director-General of the Slovenian Tax Administration as IOTA President participated in the fourth meeting of OECD Forum on Tax Administration (FTA) in Cape Town (South Africa); in April he participated in 42nd General Assembly of the InterAmerican Center of Tax Administrations (CIAT) in Guatemala. In March on a Slovakian initiative Tax Administration's management participated in the meeting of heads of tax administrations from five states (Czech Republic, Hungary, Poland, Slovakia and Slovenia) in Bratislava. In March the Tax Administration hosted representatives of the Macedonian Tax Administration. In September Tax Administration's representatives participated in the meeting of tax administrations from 27 EU Member States in Madrid. In November at the invitation of the Austrian Tax Administration our Tax Administration participated in the traditional meeting with the management of the Austrian Tax Administration in Salzburg.



III. PROFESSIONAL QUALIFICATIONS AND TECHNICAL EQUIPMENT

III. 1 ORGANISATION

In 2008 the Tax Administration conducted eight changes and supplements to the document on internal organisation and systematisation of job positions, the reorganisation process was concluded within the meaning of rationalisation of work processes as well as reorganisation of all tax offices, which resulted in rationalisation and optimisation of implementation of tasks and comparability of tax offices. The above-mentioned activities have led to an objective that we may provide implementation of all tasks of the tax service in this year and next year with the calculated necessary number of human resources.

Changes and supplements of descriptions of job positions were harmonised for implementation of the Salary System Act and the new salary system was introduced.

All current tasks were performed, which referred to general organisation (business hours, recording of presence at work, effects of work on Saturdays were monitored and instructions were prepared in accordance with changes of the Decree on internal organisation, systematisation, job positions and titles in bodies of the state administration and judicial authorities).

III. 2 HUMAN RESOURCES

According to the situation on 31.12.2008 the Tax Administration had **2,586 employed civil servants, 2,517 civil servants** out of this number with permanent employment contracts, **64** for a limited period (57 out of this number are replacements for absent civil servants, the salaries of whom are refunded – maternity leave or sick leave above 30 days, 5 due to increased scope of work, **5 trainees** – 3 trainees out of this number, who are not in the quota). Upon call of the Government of the Republic of Slovenia the Tax Administration participated in the Action programme for the disabled and in 2008 it enabled traineeship to two disabled persons on job positions, suitable for their capabilities. Traineeship took place at tax offices in Celje and Ptuj. The rights of 4 public officials are at a standstill. On the basis of the Agreement on temporary transfer of job positions to the Ministry of Finance for elimination of backlogs at the second instance in 2008 2 employees of the Tax Administration continued with work at the Ministry of Finance, 1 employee decided for permanent transfer to the Ministry of Finance and 2 employees returned to their tax offices on 1 January 2008.

Review of employees employed on a permanent basis and for all employees according to work fields

	Number of employees with permanent employment contracts			Number of all employees		
	Situation on the date			Situation on the date		
Fields of work	31.12.2008	31.12.2007	Index 08/07	31.12.2008	31.12.2007	Index 08/07
MANAGEMENT	29	37	78.4	29	37	78.4
MANAGEMENT with term of office	1 *	1 *	100.0	1 *	1 *	100.0
CONTROL AND ASSESSMENT**	1,075	1,078	99.7	1,110	1,118	99.3
AUDITING	392	388	101.0	394	389	101.3
ENFORCEMENT (administrative and in the field)	268	295	90.8	273	300	91.0
TAX ACCOUNTANCY	190	208	91.3	196	219	89.5
LEGAL TASKS	59	48	122.9	61	51	119.6
INFORMATION TECHNOLOGY	75	76	98.7	76	78	97.4
OTHER	429	421	101.9	446	434	102.8
IN TOTAL	2,517	2,551	98.7	2,586	2,627	98.4

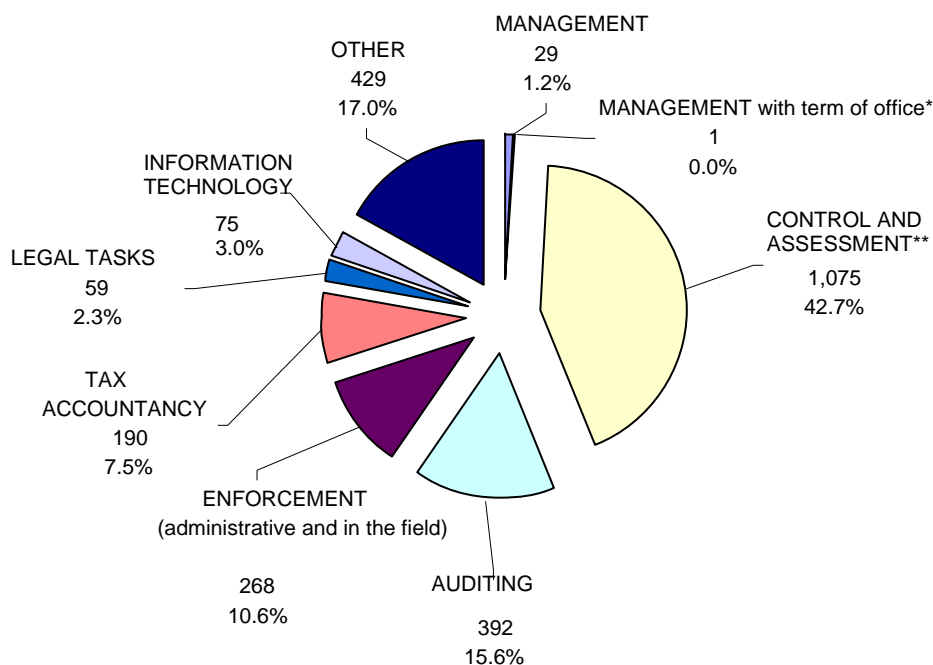
* Director-General with term of office is not included in the final sum of employees with permanent employment contracts.

** The field of registration and informing of taxpayers is included in the field of control and assessment.



The number of employees classified as “Management” decreased in 2008 in comparison with 2007. The reason is reorganisation of all tax offices, conducted in May 2008 (with the exception of Ljubljana Tax Office, where the reorganisation project is connected with acquisition of suitable business premises) on the principle of uniform organisation of all work fields. With reorganisation the most demanding job positions (undersecretary/secretary) were included into the working field of tax offices.

Review of civil servants employed on a permanent basis according to fields of work



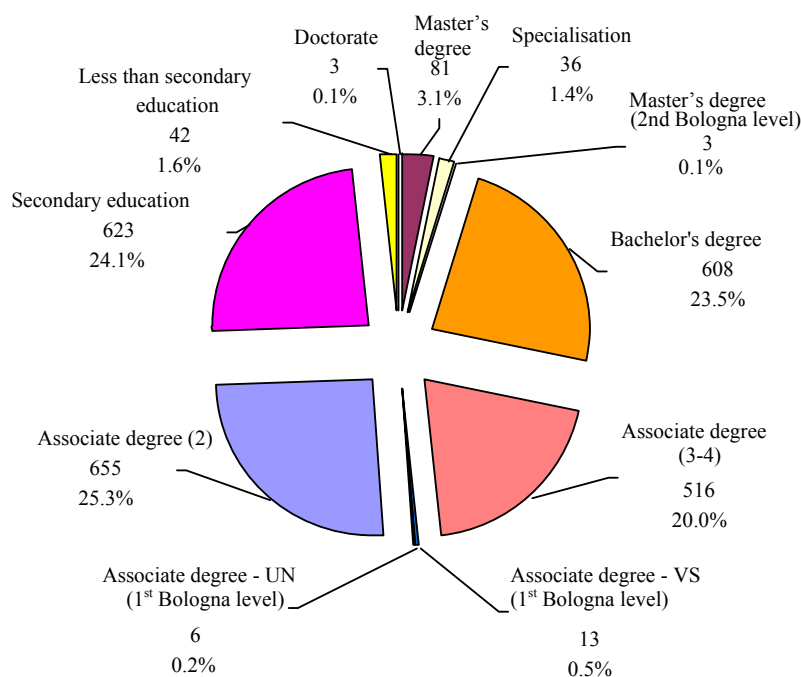
Employees in total according to the level of education

Education	No. of employees on 31/12/2008	Structure in %	Number of employees on 31.12.2007	Structure in %	Index 08/07
Doctorate	3	0.12	3	0.11	100.0
Master's degree	81	3.13	69	2.63	117.4
Specialisation	36	1.39	34	1.29	105.9
Master's degree (2 nd Bologna level)*	3	0.12	0	0.00	#DEL/0!
Bachelor's degree	608	23.51	602	22.92	101.0
Associate degree (3-4)**	516	19.95	498	18.96	103.6
Associate degree – VS (1 st Bologna level)	13	0.50	4	0.15	325.0
Associate degree – UN (1 st Bologna level)	6	0.23	2	0.08	300.0
Associate degree (2)***	655	25.33	700	26.65	93.6
Secondary education	623	24.09	668	25.43	93.3
Less than secondary education	42	1.62	47	1.79	89.4
IN TOTAL	2,586	100.00	2,627	100.00	98.4

- * This title is equal to Bachelor's degree under the previous system.
- ** 3-4 years after the secondary education
- *** 2 years after the secondary education



Structure of all employed civil servants according to the level of education



In 2008 the number of employees with the achieved Master's degree and Associate degree increased. The number of employees with achieved new Bologna programmes under the Professional and Academic Titles Act also increased. The share of employees with secondary education and Associate degree (2) decreased, including also the share of employees with less than secondary education.

Out of total number of employed **2,586 civil servants** on 31.12.2008 there were **2,081 women** (80.5 percent) and **505 men** (19.5 percent). In comparison with 2008 the structure of employees is changed for the benefit of women population.

The average age of public officers on 31/12/ 2008 was 44.1 years (43.6 years in 2007). Increase in average age is a consequence of limitation of replacement employment in connection with retirement due to realisation of the order of the Government of the RS on reduction of the number of employees in state administration's bodies.

The Tax Administration as a body affiliated to the Ministry of Finance shall on the basis of the new methodology monitor the implementation of the Common human resource plan of state administration bodies for the period 2006-2008, so that the number of Tax Administration's employees on 31/12 doesn't exceed the allowed quota of employees for an individual year. The allowed number of **employed civil servants was 2,560** for the Tax Administration for 2008, which means 37 employees less than in comparison with 2007. The quota of allowed number of Slovenian Tax Administration's employees includes: civil servants, employed with permanent employment contracts, for full or partial working time, trainees and civil servants, employed for a limited period, other than those who substitute absent civil servants, the salaries of whom are refunded (maternity leave, sick leave above 30 days – costs are refunded).

On the basis of monitoring the common human resource plan the Tax Administration according to the situation on 31.12.2008 recorded the allowed number of **2,528 civil servants** and another **32** still not concluded human resource procedures for substitute employment of employees, who are counted in the allowed quota and with this it realised the decrease in the number of employees up to the allowed quota or the human resource plan was even below the limit due to non-concluded procedures.



In 2008 a special Tax Administration's group prepared a report on burden on employees at tax offices in all Tax Administration's fields of work and prepared a calculation of the necessary number of providers for smooth completing of tasks on the basis of the Tax Administration Act and other regulations. It is calculated that the Tax Administration needs 2,697 employees or with the application for realisation of Government's order on reducing the number of employees for one percent annually this means the Tax Administration in 2008 needs 2,655 employees and 2,629 employees in 2009.

The comparison between the calculated and the allowed under the human resource plan means deficiency of employees in 2008 **for 95 employees**.

Deficiency is evident in employment of a considerable number of students. The data for 2008 shows that 66 students replaced deficiency of employees.

In 2008 the Tax Administration recorded 277,291 hours of absence due to sick leave, which means that on average 23.1 employees are absent per day due to sick leave. The Tax Administration replaces a shortfall of employees in relation to short absence due to sick leave with additional burden on present employees and conclusion of agreements on increased scope of work of employees. In 2008 the Tax Administration concluded agreements on the increased scope of work on average with 102.3 employees per months and paid 209,989.36 EUR of funds for performance-related bonus in connection with the increased scope of work in 2008.

On 31 December 2008 the Tax Administration had **77 employed disabled persons, who work part-time**, but their employment on the basis of currently valid Rules on the subject matter and procedures for preparation and submission of human resource plans is considered as full-time work.

On 31 December 2008 the Tax Administration had concluded agreements with **55 employees for part-time work on the basis of the Act on Parental Security and Family Allowances**. Their employment is also considered as full-time work and absence of employees cannot be replaced with new employees within the allowed scope of employees.

The Tax Administration concluded reorganisation processes within the meaning of reorganisation of working processes as well as reorganisation of all tax offices, which resulted in rationalisation and optimisation of implementation of tasks of tax offices and comparability of all tax offices on the territory of the whole Republic of Slovenia. The above-mentioned activities have led to an objective that we may provide implementation of all tasks of the tax service in this year and next year with the necessary number of human resources, calculated in the Report.

In the period from 1/1/2008 to 31/12/2008 at the Tax Administration there were **100 conclusions** of employment relationship (43 permanent employment contracts out of this number, 50 for a limited period and 7 trainees), **144 cases of employment relationship termination** (56 cases of retirement out of this number, 34 cases for a limited period, 39 cases of employment relationship termination by mutual consent and 15 cases of termination out of other reasons).

In 2008 the Tax Administration's **flow of employees was 5.28 percent** in relation to all employees.

Human resource procedures for replacement employments were conducted under provisions of the Civil Servants Act, Decree on procedures for occupation of available job positions and internal instructions or directives.

In the period from 1/1/2008 to 31.12.2008 the Tax Administration conducted:

- **79** announcements of available job positions **on the public call**. On 31 December 2008 47 procedures of public call were concluded and 32 were still in the procedure. In 2008 47 candidates were selected, with whom the Tax Administration concluded employment relationships.
- **15** announcements of available job positions at the Employment Office of the RS for needs for occupation of technical job positions, 10 out of this number were already concluded. In 2008 the Tax Administration concluded employment relationship with all selected candidates.
- **23** announcements at the Employments Office of the RS for conclusion of employment relationships for a limited period due to replacement of absent civil servants (maternity leave, long sick leave, employment relationship rights at a standstill), 19 candidates out of this number were already selected and the employment relationship was concluded for a limited period.



2,168 orders on selection or non-selection were issued in the selection procedures for the most suitable candidates for occupation of available job positions and 3,000 notices on selection or non-selection. 80 employment contracts and 37 appointment decisions were concluded with the selected candidates.

In May 2008 the Tax Administration conducted reorganisation of all tax offices on the basis of agreed uniform organisation of work fields of control, enforcement, accountancy, register, informing and professional and general matters and under the valid amendment to the document on internal organisation and systematisation of job positions within the Tax Administration it issued annexes to employment contracts to 1,790 employees and 160 appointment decisions.

In July 2008 the Tax Administration conducted transfer into the new salary system for all employees, who had valid employment contracts on 31 July 2008. The following numbers of individual documents were issued in the implementation procedure of the new salary system:

- 2,616 notices to employees that the salary system is changing in accordance with the adopted legislation,
- 770 decisions on changing titles into new ones under the amending act of the Decree on internal organisation, systematisation, job positions, titles and payment classes in state administration's bodies,
- 2,506 annexes to employment contracts with nominal transfer of salaries and salary premiums, paid on the basis of regulations, which were in force before the first payment of salaries according to the new salary system and with new classification payment classes,
- 10 employment contracts with nominal transfer of salaries and salary premiums, paid on the basis of regulations, which were in force before the first payment of salaries according to the new salary system and with new classification payment classes.

In September 2008 an amendment was adopted to the document on internal organisation and systematisation of job positions with inclusion of the new job position: specialist for the field of control and enforcement. According to the valid document the Tax Administration issued 439 annexes to employment contracts and 439 decisions on appointment into the title of specialist.

Till 31 January 2008 the Tax Administration conducted the procedure for evaluation of officials still on the basis of transitional provisions of the old Civil Servants Act.

On the basis of excellent evaluation, received three times, or very good evaluation at least, received five times, some officials were promoted into higher job titles. In 2008 **823** officials were promoted into higher job titles (262 in 2006 and 179 in 2007). The reason was in the received fifth evaluation of officials (evaluation at least "good"), which was the base for their first promotion into higher titles.

Due to exceptional classifications, reliability and work results **8** officials were exceptionally promoted into higher job titles upon proposals of their immediate superiors and according to Director-General's decision in 2008.

Up to the payment of salaries according to the new salary system conditions for regular promotion into higher payment classes were checked on the basis of provisions of the Rules on promotion of employees in the state administration (checking on 1 January and 1 May). In August 2008 on the basis of provisions of the Salary System in the Public Sector Act the regulator adopted the Decree on promotion of employees into higher payment classes and the Decree on promotion of employees into titles. On 1 September 2008 conditions were checked for promotion into higher payment classes on the basis of transitional provisions of the Decree. The year of 2009 will bring a transfer to the new way of evaluation and promotion on the basis of the above-mentioned implementing regulations.

After checking of fulfilment of all conditions for promotion into higher payment classes the Tax Administration issued **715** orders on promotion into higher payment classes; 266 out of this number were promoted extraordinarily (for two payment classes at once).



III. 3 TRAINING

In 2008 the Tax Administration organised and conducted 137 training events (seminars and workshops), which means 21.3 percent more than in the year before, when 113 training events were conducted.

In 2008 the share of workshops, managed by internal trainers, increased considerably because it achieved already 56 percent of all events. As every year in the first quarter workshops and seminars took place according to individual tax types in connection with submission of settlements. Workshops referred to the fields of enforcement, auditing, implementation of treaties on avoidance of double taxation, transfer pricing. Workshops on taxation of motor vehicles, the field of construction and the use of ACL tool at auditing took place during the whole year. Internal trainers also provided training of employees and taxpayers in connection with iREK forms, which were introduced on 1 July 2008, and also informing controllers with activities and changes in the field of personal income tax.

As in previous years external providers prepared seminars and workshops for the Tax Administration for certain specific topics, e.g. financial instruments, derivative financial instruments, insolvency law, analysis of balance sheets, implementation of the Administrative Procedure Act, management of oral hearing in the administrative procedure and management of offence procedures.

In November the Tax Administration organised also a four-day workshop on international corporate law with an IBFD trainer, which was accepted very well and it will continue with this activities also in 2009 because this means consideration of cases where it doesn't have plenty of practical experience.

In 2008 the Tax Administration started with systematic training of heads according to the programme on situation management I and II with the purpose of strengthening management skills. This is a four-day training according to two modules in two days. 65 heads already participated in both modules and 147 participated in module I. Training will continue in 2009. All heads on all hierarchical levels will be included. Analysis of questionnaires showed that participants are very satisfied with the programme, organisation and realisation and that they want continuation of training in this field. In 2008 the Tax Administration focused more attention on this kind of topics and it organised workshops on stress management and communication with taxpayers. Feedback was very good, so in 2009 it will continue with them to a greater extent.

In the field of cooperation with foreign states activities in relation to the previous year increased for 11 percent. The number of participants in Fiscalis and IOTA seminars and workshops increases. Participants also actively participate in working groups, which are organised in individual fields and results of which are intended for all Member States. Even 64 employees applied for participation in international study visits within Fiscalis programme in 2008, so the participation had to be limited. The Ministry of Finance sent applications of 32 Tax Administration's employees for approval to Member States. In the third week of September the Tax Administration itself also organised an international study visit, which was attended by 11 employees of tax administrations from 9 states. In October one study visit was especially organised for 3 employees from Croatia, for whom the programme was especially prepared according to their needs. International activities include also organisation of the study visit for 4 representatives from the Serbian Tax Administration in November.

The Second Tax Conference, which lasted two days, was organised in September 2008. Although the first conference was intended only for the internal public, representatives of other bodies and organisations, who deal with irregularities and illegalities in the tax field¹, were also invited to participate in the second conference. Tax carousels, which are a relevant topic at the moment, were their main topic. Exchange of experience was very useful, including also the international aspect, added by a speaker from the Austrian Tax Administration.

¹ Supreme State Office of the Prosecutor of the RS, Customs Administration of the RS, Ministry of Finance, Ministry of Finance – Division for Administrative Procedure at the Second Instance, Ministry of the Interior - Criminal Police, Commission of the RS for Prevention of Corruption, Office of the RS for Prevention of Money Laundering, Court of Audit of the RS, Austrian Tax Administration



Training type	Total number of attendees		INDEX 08 / 07	Number of training days		INDEX 08 / 07
	2008	2007		2008	2007	
Training organised by the Slovenian Tax Administration	6,522	7,043	92.6	7,737	8,986	86.1
Participation of employees of the Slovenian Tax Administration in external seminars	825	767	107.6	1,903	1,667	114.2
Preparation seminars for professional exams	785	309	254.0	2,157	959	224.9
Participation of employees of the Slovenian Tax Administration in training abroad	109	98	111.2	328	438	74.9
IN TOTAL	8,241	8,217	100.3	12,125	12,050	100.6

In 2008 the number of attendees of training activities inside or outside the Tax Administration was 8,241 and there were 12,125 training days. In comparison with 2007 the number of participants increased for 0.3 percent. The number of training days was for 10.2 higher than it was planned and for 0.6 percent higher than in the year before.

In 2008 the Tax Administration started performing professional exams independently for the first time on the tax procedure as a special administrative procedure on the basis of the rules, which were adopted at the end of 2007. In addition to the exam from the ZDavP employees passed also professional exams from the Administrative Procedure Act, administrative operations, tests of knowledge from management and decision-making in the offence procedure and special professional exams for tax inspectors and tax enforcement employees. At the beginning of the year individual candidates passed also exams for appointment into titles, which were cancelled with the change of the ZJU (Official Journal of the RS, no. 65/08). Due to changes in systematisation the number of received applications for performing the exam on the offence procedure increased considerably, which consequently meant also more learning for this exam due to obligatory preparation and higher examination costs. The total number of training events for professional exams increased for 154 percent and the number of all passed exams for 72 percent. Costs for them increased for 124 percent in comparison with 2007.

In the second half of the year in the field of training the Tax Administration introduced by itself and started using also a new information tool for managing the record of applications for seminars, managing calls for seminars and entering certificates on participation in internal and external training events. The new information tool represents a more advanced technical solution, it is available to all employees and feedback from tax offices is very positive because the work is easier with the application of Sharepoint.

In 2008 590,275 EUR in total were used for training at the Tax Administration.

III. 4 QUALITY MANAGEMENT

In 2008 key documents of the system for quality management were introduced: instructions on document management, on definition and description of business processes, on elimination of incompatibility and implementation of measures and improvements and procedure manual for quality management. The manual for preparation of the business process model (EPC/eEPC method) and reminders for review, supplementation and harmonisation of documentation of business processes were prepared. The portal of the system for quality management (Processes and regulations of the Slovenian Tax Administration) was established on the Intranet of the Slovenian Tax Administration. Managers of business processes were appointed and their role and responsibility were defined.

The system for risk management was established, which is via business processes included into the system for quality management. The policy and strategy for quality management were adopted and computer-supported register of risks was established.

Instructions on internal evaluations of the system for quality management were adopted. First internal evaluations were conducted. The objective of the first evaluation was to review operations of the system and to establish whether the system is appropriately documented and whether it is implemented in such a way as it is required by regulations and standard. All tax offices and all business



processes/elements of the system for quality were evaluated. The purpose of the evaluation was also practical training of 30 providers of internal evaluation. They attended a course, passed an exam and acquired certificates for internal evaluation from the certification authority.

Measures and improvements with providers and time limits for implementation were defined for elimination of discovered incompatibilities and computer support was provided for their monitoring.

Management review was conducted of the system for quality management and the report was adopted on operations and performance of the system for quality management.

The objective of the second internal evaluation was to establish effectiveness or efficiency of measures and improvements, which were imposed to directors of tax offices and managers of business processes on the basis of findings from the first internal evaluation and the time limit for implementation/introduction of which has already expired. Providers of internal evaluation proved to be competent for this job.

In relation to findings from internal evaluations it can be concluded that operations of the introduced system for quality management are good in majority of cases. Examples of good practice, established during the evaluation, also prove this.

Training, informing, communicating, motivating and inclusion of the broadest group of management and employees of the Slovenian Tax Administration took place all the time with the purpose to establish the system of quality management, which would be possible to certify, develop and upgrade, and to improve the quality of services and comprehensive operations of the Tax Administration with integration of various approaches or systems of management.

III. 5 TAX INFORMATION SYSTEM

At development of internet-based tax services the Tax Administration adjusted the system to changes of tax legislation. Completely new services were provided, this is support to individual REKs. During the whole year it provided support to obligatory submission of settlements via eDavki system.

In this year the focus of activities was on adjusting information systems for support to tax operations of DP1, DP2 and VAT systems to the changed tax legislation. The largest interventions were in the field of personal income tax, where at introduction and supervision over changes the Tax Administration was very successful, so there were no substantive errors at assessment of personal income tax as it was the year before.

VAT accountancy record was successfully completed in IDIS application. Final reports were prepared and later monthly bookkeeping reports. The system was upgraded with the basic elements of risk analysis of persons liable for VAT (red dot).

The Tax Administration continued with VIDA project (Virtual Tax Assistant), which is now able to provide replies to questions from all tax topics. VIDA received the national award as an example of good practice in use.

The Tax Administration received 2 offers and one audit for the new tax information system. The National Audit Commission cancelled the tender, but it agreed with the Slovenian Tax Administration and the audit claimant in the majority of audit claims. At the end of the year the Tax Administration started upgrading the basic tender documentation and provided external assistance, which proved to be very useful.

In 2008 the operational part and support to users received almost 12,000 telephone calls and they processed approximately 5,000 electronic messages. eDavki system was presented to several external institutions, including foreign ones.

Regular data processing was conducted and supervised and data for extraordinary inquiries of internal and external users were provided. The Tax Administration co-ordinated the exchange of enforcement data with municipalities and other bodies (around 30 entities). Management of rights of users of information systems and digital certificates for users of eDavki system was implemented.



The Tax Administration continued with the use of SPPS environment. The tool was used for management and coordination of projects with a large number of participants, including also for tracing tasks in the Unit for development.

Defined backup procedures were implemented.

In 2008 hardware and system software were purchased in accordance with plans. Maintenance upgrade of system for asset management of the Tax Administration was executed.

Substantive requests were prepared for approximately 25 tenders. All of them were successfully concluded.

Move of Ljubljana Tax Office was conducted, where the first project of IP telephone system at the Tax Administration was also successfully conducted.

III. 6 GENERAL AND COMMON MATTERS

In 2008 the Tax Administration conducted all planned activities in accordance with the plan of development projects with the objective that all employees would have the same conditions for work as they are defined by professional starting points on the basis of standards for arrangement of business premises for needs of the Tax Administration. It performed all activities and tasks in the process of quality in fields of work.

The Division for material and general matters at the GDU coordinated and conducted tasks and advised tax offices at realisation of individual tasks. A working group for preparation of internal rules for e-storing of archives was appointed.

Business premises

The largest share of activities in 2008 in the field of business premises was connected with Modri kvadrat, a location to which a move was planned in 2008 and which was successfully conducted.

A preliminary contract was signed for new business premises for Postojna Tax Office, construction is in progress and the move is planned for October 2009. At the same time plans are in the process of preparation for new business premises for tax offices in Nova Gorica and Velenje. Solutions for spatial problems at Koper Tax Office are checked. Within the plan for resolution of spatial problems for needs of the state administration at the secondary level for the period 2008-2018 the Tax Administration cooperates with the Ministry for Public Administration of the Republic of Slovenia at construction of administrative centres in Logatec (construction will be finished in 2009), Ilirska Bistrica, Škofja Loka, Šentjur pri Celju, Šmarje, Slovenske Konjice, Vrhnika, Slovenj Gradec in Jesenice. Due to centralisation of tax offices the Tax Administration proposed a transfer of the right to use at a part of business premises in Gornja Radgona, Cerknica and Slovenska Bistrica for provision of rational use of business premises and reduction of costs for the Tax Administration of the RS to the Government of the Republic of Slovenia, which the Government accepted.

Three renovations were conducted: changing of roof-tiles at Tržič Branch Office and renovation of toilet facilities and staircase at Novo mesto Tax Office. Arrangement of business premises at Ptuj Tax Office remained an unrealised task because in this case activities are connected with Ptuj Municipality.

Public procurement

The Slovenian Tax Administration conducted public procurement in 2008 in accordance with the plan of purchases and construction (hereinafter: NNG), IT plan and adopted annual plan. All public tenders were successfully conducted. The Tax Administration didn't receive any claims for auditing in any procedure.

In addition to the procedure of implementing public procurement of small value, stated in the next paragraphs, the most important current tasks include: entry of new contracts and annexes to contracts into the list of contracts in MF-ERAC system, concurrent updating of records, preparation of FEPs to contracts and annexes, monitoring of contracts and their conclusion, archiving of contracts, preparation and review of contracts and annexes and preparation for signatures, entry of bank guarantees in MF-ERAC, entry of contract conclusions, imposing dynamics for all contracts at the GDU for 2009.



The Tax Administration regularly provides for timely submission of reports on conclusion of projects and conclusion of projects by managers of contracts and holders of projects.

In 2008 the number of conducted public procurement cases was as follows: 35 large orders and 600 orders of small value from the fields of investments, services, training, books (we didn't state newspapers and magazines for 2009), airplane tickets and other in the total value of 1,734,999.81 EUR. Those are stated, where the value with VAT exceeds 10,000.00 EUR.

Authorisations were submitted to the Ministry for Public Administration for public procurement for purchase of motor vehicles for needs of state authorities of the RS, for purchase of communication equipment and equipment for IP telephone system for the building of Modri kvadrat (because the tender was not successful the authorisation was cancelled and the order was conducted by the Tax Administration), for services of translation, language editing and interpreting for 2009 and 2010.

Financing

Activities of the sub-programme of tax administration within the approved rights to use on budget items of the financial plan were financed in accordance with the valid norm arrangement from the field of implementation of the budget of the Republic of Slovenia, with implementation of financial plans of tax offices and projects from the plan of development programmes.

The Tax Administration used programme support in MFERAC system, with which additional controls are possible due to provision of eligible use of funds, approved on individual budget items for implementation of programmes and projects, adopted on the basis of strategies for achieving of individual objectives.

In 2008 the Tax Administration with the objective of qualitative implementation of inventory of assets and liabilities towards sources of funds prepared amendments to the manual for inventory of assets and liabilities towards sources of funds with annexes, prepared a time schedule for implementation of inventory and conducted training of inventory commissions.

It also prepared a draft of instructions for issuing, recording and settlements of orders for business travels at home and abroad and organised and conducted control of settlements of orders for business travels of employees.

It prepared a proposal of the financial plan of expenditures of the Tax Administration for 2008 and 2009 with the explanation, proposal of the supplementary budget for 2008 and financial plans of expenditures according to tax offices. With preparation of financial plans of expenditures according to tax offices and implementation of financial control of advance debits with confirming of FEPs in connection with contracts and orders for all tax offices it provided financing in accordance with approved rights to use and assigned authorisations. It conducted provisions of funds for all advance debits in connection with contracts and orders and issued orders on initiation of public procurement from the field of investment expenditures. It maintained the valid financial plan of expenditures at the level of tax offices with preparation of orders of the Director-General on changes, confirming of redistribution of rights to use and implementation of division in MFERAC system.

It prepared monthly reports on realisation of the financial plan of expenditures according to projects, items, accounts and tax offices, reports on euro cash and semi-annual and annual reports on realisation of the financial plan of expenditures of the Tax Administration.

It prepared a report to statements of the closing of accounts of the Tax Administration for 2007 and explanation of the closing of accounts of the budget of the Republic of Slovenia for 2007.

It conducted recording of received accounts, provided for their payment by authorised responsible employees and issued orders for payment. It prepared evaluation of use, implemented redistribution of rights to use among items, accounts and projects and it conducted activities in accordance with instructions at conclusion of implementation of the budget for 2008. It issued invoices, managed records and VAT settlements in accordance with regulations and monitored open items quarterly.



It conducted coordination of dynamics of funds on advance debits for framework contracts and prepared monthly liquidation plan for Tax Administration's expenditures.

It harmonised data of financial plans of projects in the Plan of development programmes and prepared a proposal for harmonisation of the plan of purchases and construction with the valid budget and valid financial plans of NRP projects. It prepared forms for reports on realisation on NRP project for the purpose of reporting of heads of NRP projects.

It performed activities for provision of a new budget item and additional rights to use for the purpose of payment of donations to persons entitled to donations under ZDoh-2.

It participated in preparation of settlement of donations for the purpose of import of the decrees and issued decrees for payment to persons entitled to donations.

Provision of safety and health at work

The expert for safety and health at work participated in projects of equipping and in implementation of fire protection and technical protection at Modri kvadrat (new business premises for Ljubljana Tax Office). All necessary professional assistance in relation to technical and physical protection was provided for tax offices. The expert continues to participate in the project on establishing the cash register system within the Tax Administration from the professional aspect and also provides for realisation of preventive medical examinations within the Tax Administration and for all procedures of directing certain employees to the Commission for the Disabled of the ZPIZS.

In 2008 the following tasks were conducted from the working field of safety and health at work:

- criteria were prepared for security of Tax Administration's business premises, where requirements for security are standardised at the level of the whole Tax Administration,
- new spare sets of medical supplies were provided for needs of all tax offices and their branches,
- legally prescribed records from the field of safety and health at work and protection against fire were kept and updated,
- supervision and advising were conducted from the field of fire technical and physical protection at construction of new business premises for certain tax offices and for existing buildings within the Tax Administration,
- participation in the project of defining work processes for the field of safety and health at work and protection against fire.

In 2008 the Tax Administration recorded 30 cases of injuries at work, four less than in the previous year. 20 injuries occurred on the way to work or leaving work. Seven cases of employees' injuries at work occurred at business premises of tax offices or branches, where they perform their work, mainly due to slip or fall and three injuries at work occurred on business travels with participation in traffic accidents. Keeping records of injuries at work is a constant task, which is carefully managed by the Tax Administration from 1/8/2004 onwards within tasks, which refer to safety and occupational health and which it manages in the uniform record of injuries at work.

The highest number of sick leave days due to injuries at work was at Maribor Tax Office and then there are the GDU and Celje Tax Office. All other tax offices had in total less than 11 percent of the total number of sick leave days. Seven tax offices had no injuries at work (Velenje, Hrastnik, Kočevje, Dravograd, Koper, Postojna and the Special Tax Office).

Maintenance and management of motor vehicles

Regular maintenance and registration of Tax Administration's motor vehicles and updating of data in Key Watchers were provided. The comprehensive report on the state of business vehicles at the Slovenian Tax Administration (use, maintenance costs) will be prepared for 2008 and published on the Intranet of the Slovenian Tax Administration.

Main Administration Unit

A working group for preparation of internal rules for e-storing of archives was appointed in 2008. The group met three times since June. Preparation of the report on preliminary research for capture and keeping of archives at the Tax Administration and analysis of business activities are in the final stage. The working group will actively work on preparation of internal rules.



Members were appointed for the project »Long-term saving of electronic archives«, managed by the Archives of the Republic of Slovenia. On this basis the Tax Administration was obliged to fulfil the “Questionnaire for selected makers of archival material”. Further cooperation is planned.

In 2008 the Main administrative unit of the GDU conducted the following tasks:

- Annual report on findings and method of operations and treatment with documents at the Tax Administration was prepared for the management.
- With assistance of employees selection and elimination of documents at the GDU for 1995 were conducted.
- The Main administrative unit participated in selection and elimination of the documents acquired from the Ministry of Finance and Foreign Exchange Inspectorate of the RS.
- It regularly informed the competent division with written proposals about errors at operations of EPIS application.
- It provided professional assistance to Ljubljana Tax Office at move of archives.
- It provided that new employees of the GDU were concurrently informed about particularities of management with archives.
- They conducted concurrent instructions for all employees when it was necessary.
- They organised a meeting of heads of main administrative units on treatment of problems and system questions, with which they meet at tax offices.
- Transport was provided for destruction of auxiliary waste documents. They provided for updating of the plan of identification codes at the GDU and classification plan at the Tax Administration.
- They collected proposals for supplementing of Instructions for management with archives at the Tax Administration.
- They conducted orders of stamps and they kept a record on orders, offered professional assistance to employees, who would implement new system solutions for management with archives.
- The analysis was conducted of the state of keeping archives at the Tax Administration on 23 November 2007.
- They participated in the commission for selection and elimination of documents, acquired from the Ministry of Finance.
- They performed a supplement to the Plan of classification signs at the Tax Administration.

Other general matters

The Unit for general matters at the GDU provided for smooth operations in all fields, mainly for good management of Zeleni trikotnik, the seat of the GDU, and management of assets for the Tax Administration. It coordinated and participated in the following tasks: changing of the garage doors together with the Customs Administration of the Republic of Slovenia, changing of roof-tiles due to soaking of the terrace on the third floor, air conditioning plan was conducted for the system room. It resolved current problems with the Customs Administration of the RS, organised meetings with external providers (Refleks, SKB and Sava) for resolution of problems in connection with Zeleni trikotnik, conducted renovation of roof at Zeleni trikotnik and resolved problems in connection with parking of motor vehicles at Zeleni trikotnik.

It organised a meeting and training in relation to changes in MFERAC programme with OS custodians.

It conducted glazing of the entry into the building, performed all activities in connection with assets (inventories, transfers and destruction of OS), transfer of the record of certificates on acceptance of items from IOS programme into MFERAC program and establishment of the record of debentures in MFERAC programme.

It prepared a draft of instructions for work with assets and draft of instructions about equipment of offices at the Tax Administration. It standardized work of custodians at the Tax Administration and proposed a supplementation of MFERAC programme in the field of OS.

It prepared a uniform instruction in relation to destruction of OS, implemented books of control of operations of devices at the GDU and participated in new contracts: cleaning, management and participation in meetings of representatives of users of Zeleni trikotnik.



IV. EXPENDITURES OF THE TAX ADMINISTRATION

For financing of basic tasks of its own business activities and investment projects within the Sub-programme 02041601 - Tax administration in 2008 the Tax Administration had approved funds in the financial plan in the amount of 101,627,364 EUR. Funds of the valid financial plan achieved 99,657,269 EUR. 97,957,133 EUR were used, which is 1.7 percent less than the valid financial plan and 6.5 percent more than in the year before. Within Sub-programme 02041603 - Payment of a part of personal income tax for donations under ZDoh-2 funds of the valid financial plan reached 2,812,000 EUR, 2,430,537 EUR were used, which is 13.6 percent less than the valid financial plan.

Realisation of Tax Administration's financial plan in 2008

02041601 Tax administration

(in EUR)

No.	Types of expenditures / Budget items	Adopted financial plan for 2008 before the supplementary budget	Adopted financial plan for 2008 after the supplementary budget	Valid financial plan for 2008	USE 2008	Index of realisation	Index of realisation	USE 2007	Index 08/07
1	2	3	4	5	6	7=6/4	8=6/5	9	10=6/9
1.	SALARIES (3030)	62,577,959	65,273,431	67,254,908	66,969,568	102.6	99.6	62,755,798	106.7
2.1.	Material expenditures - regular activities (3354)	25,427,082	22,731,610	19,964,000	19,122,119	84.1	95.8	17,458,181	109.5
2.2.	Material expenditures - collection of income for other users (283)	0	0	4,904	0	0.0	0.0	182,314	0.0
2.3.	Immovable property - funds from rents (7791 - MS)	53,853	53,853	19,136	0	0.0	0.0	29,766	0.0
2.4.	In-kind funds - funds from compensations (8899)	3,338	3,338	9,525	1	0.0	0.0	701	0.1
2.5.	Funds from the sale of state property (8619)	0	0	0	0	0.0	0.0	0	0.0
2.6.	IOTA Presidency – foreign donation	0	0	5,000	4,986	0.0	99.7	0	0.0
2.	MATERIAL COSTS – IN TOTAL	25,484,273	22,788,801	20,002,565	19,127,106	83.9	97.5	17,670,962	108.2
3.	INVESTMENTS (2848)	15,060,959	13,560,959	12,288,255	11,860,459	87.5	96.5	11,526,431	102.9
4.	SALARIES, MATERIAL EXPENDITURES AND INVESTMENTS - IN TOTAL	103,123,191	101,623,191	99,545,728	97,957,133	96.4	98.4	91,953,191	106.5
5.	FUNDS FROM THE SALE OF STATE PROPERTY (8619)	4,173	4,173	3,065	0	0.0	0.0	20,027	0.0
6.	IMMOVABLE PROPERTY - FUNDS FROM RENTS (7791 - INV)	0	0	108,476	0	0.0	0.0	0	0.0
7.	IN-KIND FUNDS - FUNDS FROM COMPENSATIONS (8899 - INV)	0	0	0	0	0.0	0.0	6,820	0.0
8.	FUNDS - IN TOTAL: (4 + 5 + 6 + 7)	103,127,364	101,627,364	99,657,269	97,957,133	96.4	98.3	91,980,038	106.5



02041603 Payment of a part of personal income tax for donations under the ZDoh-2

in
EUR

No.	Types of expenditures / Budget items	Adopted financial plan for 2008 before the supplementary budget	Adopted financial plan for 2008 after the supplementary budget	Valid financial plan for 2008	USE 2008	Index of realisation	Index of realisation	USE 2007	Index 08/07
1	2	3	4	5	6	7=6/4	8=6/5	9	10=6/9
1.	Payment of a part of personal income tax under the ZDoh-2 (9329)	0	0	2,812,000	2,430,537	0.0	86.4	0	0.0
2.	Sub-programme 02041603 in total	0	0	2,812,000	2,430,537	#DEL/0!	86.4	0	#DEL/0!

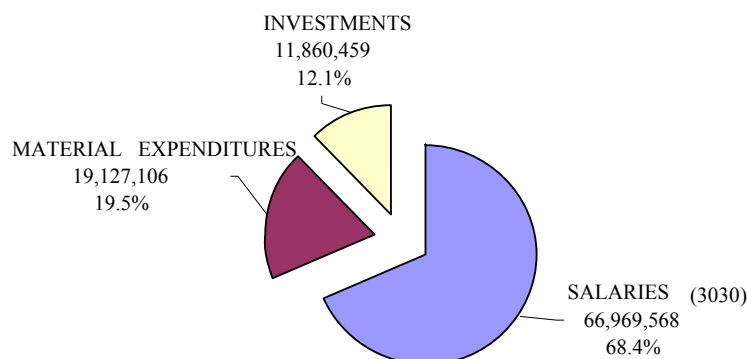
In 2008 66,969,568 EUR were used for salaries of employed civil servants, which is 2.6 percent more than the adopted financial plan, for 0.4 percent less than the valid financial plan and for 6.7 percent more than in the year before.

19,127,106 EUR were used for financing of material expenditures of regular and its own business activities, which is 16.1 percent less than the adopted financial plan, for 2.5 percent less than the valid financial plan and for 8.2 percent more than in the year before.

11,860,459 EUR were used for financing of investments, including financial rents of business premises and equipment, which is 12.5 percent less than the adopted financial plan, for 3.5 percent less than the valid financial plan and 2.9 percent more than in the year before.

In 2008 within Tax Administration's financial plan on the basis of the order of the Government of the RS no. 41012-35/2008/4 a new sub-programme was opened: **02041603 Payment of a part of personal income tax for donations under the ZDoh-2** and new budget item 9329 Payment of a part of personal income tax for donations under the ZDoh-2, account 4120. Rights to use in the amount of 2,812,000 EUR were provided on the new budget line in accordance with Government's order with allocation of funds from the Current budget reserve. Funds of the valid financial plan reached 2,812,000 EUR. 2,430,537 EUR or 13.6 percent less than it was in the valid financial plan were used for orders to persons entitled to donations from allocation of a part of personal income tax for 2007 under the Decree on allocation of a part of personal income tax for donations.

Structure of use of Tax Administration's funds within Sub-programme 02041601– Tax Administration in 2008 according to the type of expenditures



Out of the total amount of 97,657,133 EUR 66,969,568 EUR were used for salaries of employees (68.4 percent of all funds), 19,127,106 EUR for financing of material expenditures of regular and its own business activities (19.5 percent of all funds) and for financing of investments, including financial lease of business premises and equipment 11,860,459 EUR (12.1 percent of all funds).



Funds used for salaries (3030)

In accordance with the human resource plan for 2008 funds in the amount of 65,273,431 EUR were approved for salaries of Tax Administration's employees in the adopted budget for 2008. Funds of the valid budget on the salary item - 3030 in 2008 reached 67,254,908 EUR and they were increased for 1,981,477 EUR. In accordance with the order of the Government of the Republic of Slovenia, no. 41012-51/2008-16, funds were increased for 251,346 EUR for elimination of salary disparities for the period from May to December 2008, in accordance with Article 15 of the ZIPRS0809 rights to use were redistributed within the financial plan of the Tax Administration to the salary item according to orders PPS-148/2008 and PPS-156/2008 in the amount of 1,730,131 EUR. In 2008 the Tax Administration used 66,969,568 EUR for salaries.

Use of funds for salaries in 2008 and 2007 (in EUR)

KONTO / NAZIV KONTA	Budget item 3030 – salaries at the Slovenian Tax Administration						
	BUDGET IN FORCE	USE 2008	Structure in %	INDEX use / budget in force	USE 2007	Structure in %	Index 08/07
4000 Salaries and allowances	49,448,956	49,203,650	73.5	99.5	45,414,212	72.4	108.3
4001 Holiday allowance	1,773,697	1,773,697	2.6	100.0	1,726,296	2.8	102.7
4002 Repayments and compensations	4,147,826	4,146,353	6.2	100.0	3,912,108	6.2	106.0
4003 Funds for work performance	1,092,644	1,092,644	1.6	100.0	974,846	1.6	112.1
4004 Overtime work	147,929	147,929	0.2	100.0	144,083	0.2	102.7
4009 Other expenditures for employees	461,046	445,224	0.7	96.6	373,670	0.6	119.1
4010 Contribution for pension and disability insurance	4,494,677	4,471,943	6.7	99.5	4,125,323	6.6	108.4
4011 Contribution for health insurance	3,583,328	3,583,328	5.4	100.0	3,304,145	5.3	108.4
4012 Contribution for employment	30,322	30,322	0.0	100.0	27,908	0.0	108.7
4013 Contribution for maternity security	50,565	50,565	0.1	100.0	46,567	0.1	108.6
4015 Premiums of collective additional pension and disability insurance	1,033,887	1,033,887	1.5	100.0	1,009,424	1.6	102.4
4028 Tax on salaries paid	990,031	990,026	1.5	100.0	1,697,216	2.7	58.3
IN TOTAL:	67,254,908	66,969,568	100.0	99.6	62,755,798	100.0	106.7

In 2008 on the level of Subgroup 400 – Salaries and other expenditures for employees the Tax Administration used 56,809,497 EUR or 2.2 percent more than rights to use in the adopted budget. At the level of Subgroup 401 – Contributions of employers for social security the Tax Administration in 2008 used 9,170,045 EUR or 0.2 percent more than rights to use in the adopted budget. Contributions were settled according to valid contribution rates, at the level of Subgroup 402 – Expenditures for goods and services for tax on salaries paid it used 990,026 EUR or 92.3 percent more than rights to use in the adopted budget. Tax on salaries paid was settled according to valid rates.

Reasons for larger realisation of funds on salary item in comparison with the plan of use of funds on salary item in 2008 are as follows: implementation of Tax Administration's reorganisation in May (increase in the complexity of job positions and consequently increase in quotients), increase in growth of the starting salary according to the agreement with social partners and settlement, prescribed by Article 2 of the ZSPJS-H (Official Journal of the RS, no. 17/2008), implementation of the transfer to the new salary system, discharge of promotions under the amendment to the Decree on promotion of civil servants into payment classes, which was published in the Official Journal of the RS, no. 91/2008), growth of payment of wage premiums for the increased scope of work due to increased burden of civil servants, which are a consequence of Government's measure to limit employment of replacement employment and increase in assigning funds in connection with other expenditures for employees, mainly in connection with solidarity assistance.

The amount of expenditures for salaries and allowances includes 1.3 percent increase in basic salaries' growth on the basis of the Agreement on the level and harmonisation level of basic salaries and the level of holiday allowance for 2008 and 2009.

Holiday allowance was paid to 2,759 employees in the amount of 1,773,697 EUR.



Repayments and compensations for meals and transport were realised in the amount of 4,146,353 EUR, 1,826,977 EUR out of this number for repayment of costs for meals during work and 2,319,376 EUR for repayment of costs for transport or for 1.0 percent less than rights to spend in the adopted budget. Repayments and compensations for meals and transport were paid in accordance with implementation of the Decree on repayment of costs for transport to civil servants and high officials in state bodies and the Decree on the level of repayment of costs in connection with work and other incomes, which are included into the tax base.

Funds for work performance were paid according to the level, defined by the order of the Government.

Other expenditures for employees in connection with jubilee awards were paid to the total of 219 employees in the total amount of 90,026 EUR (to 40 entitled persons for 10 years of service, 84 entitled persons for 20 years of service and 95 entitled persons for 30 years of service), solidarity was paid to 138 employees in the total amount of 71,956 EUR and severance pays due to retirement were paid to 148 entitled persons in the total amount of 283,242 EUR. Funds were paid in valid amounts.

Overtime work was realised in the amount of 147,929 EUR or 5.4 percent less than rights to spend in the adopted budget. Lower use of funds for overtime work than the planned one is a consequence of a lower number of performed overtime hours in the field of control and assessment – mainly personal income tax and other taxes due to faster and simplified procedures.

Every month the Tax Administration of the RS paid premiums of collective additional pension insurance in amounts, harmonised with the order of the Committee of enclosed mutual pension fund for civil servants, to their personal accounts at Kapitalska družba, d.d. (a provider of additional pension insurance in Slovenia).

The strategy of the Government of the Republic of Slovenia at tax on salaries paid is reduction of tax on salaries paid. In relation to this in 2008 the decreased level of the settled tax on salaries paid in the amount of 15 percent was already realised.

Funds for financing of material expenditures

Funds in the amount of 22,788,801 EUR for financing of material expenditures were approved in the adopted budget (out of this number on the budget item 3354-Material expenditures in the amount of 22,731,610 EUR, on the assigned item 7791-Immovable property-funds from rents in the amount of 53.853 EUR and on the item 8899-In-kind funds-funds from compensations in the amount of 3,338 EUR.

Funds of the valid budget on the budget item 3354 – Material expenditures were in 2008 lower than the adopted budget for 2,786,236 EUR due to redistribution of rights to use as follows: according to the order P1600-2008-3106 295,567 EUR were allocated and according to the order P1600-2008-3107 another 502,716 EUR.

In addition to the above-mentioned redistributions in accordance with Article 15 of the ZIPRS0809 according to orders PPS-148/2008 and PPS-156/2008 rights to use were redistributed within Tax Administration's financial plan to the salary item in the amount of 1,484,595 EUR and according to the order PPS-63/2008 to the investment item in the amount of 850,000 EUR and from the investment item according to orders PPS-78/2008, 134/2008 and 152/2008 in the amount of 365,268 EUR.

Funds of the valid budget on the item 7791 – Immovable property – funds from rents were established in connection with inflows for charged rents according to contracts with Krško municipality and Nova LB, d.d., for business premises in Velenje and Ljubljana in the amount of 19,136 EUR. The established valid budget was lower than the adopted one for 34,717 EUR. There was no use in 2008.

Funds of the valid budget on the item 8899 – In-kind funds-Funds from compensations were created in the amount of 9,525 EUR. The established valid budget was higher than the adopted one for 6,187 EUR in connection with inflows of paid car damages.

During the year a new assigned item, to which funds of a foreign donation in the amount of 5,000 EUR were recorded, was opened for the purpose of co-financing expenditures of presidency to IOTA General Assembly. The use was realised in the amount of 4,986 EUR.



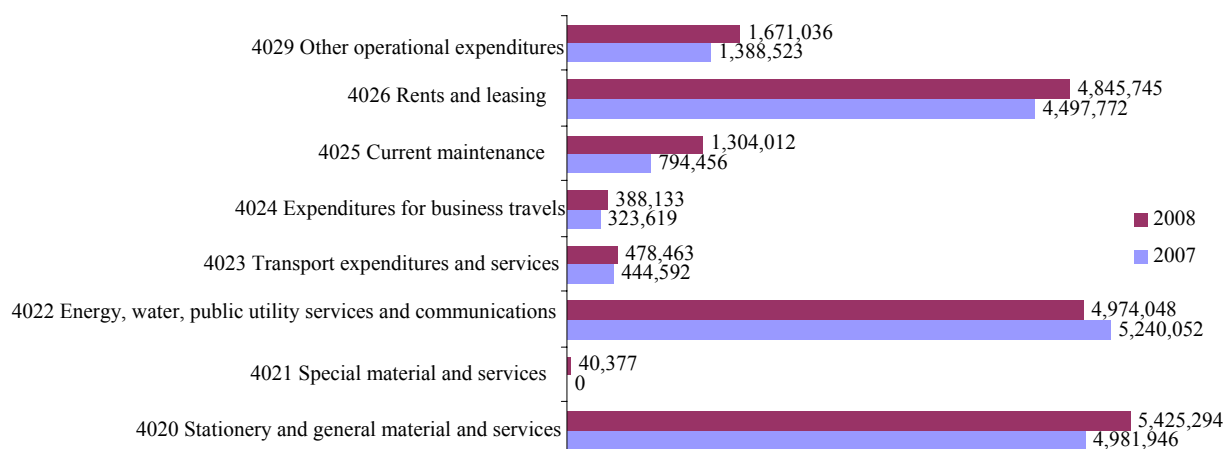
19,127,107 EUR were used in 2008 for **financing material expenditures**, out of this number from the budget item 3354-Material expenditures in the amount of 19,122,119 EUR, which represents 99.98 percent of all material expenditures, from inflows created on assigned items 7791 – Immovable property-Funds from rents, 8899 – In-kind funds-Funds from compensations and 9319 – IOTA Presidency-foreign donation in the amount of 4,987 EUR, which represents 0.02 percent of all material expenditures.

Use of funds for material expenditures in 2008

(in EUR)

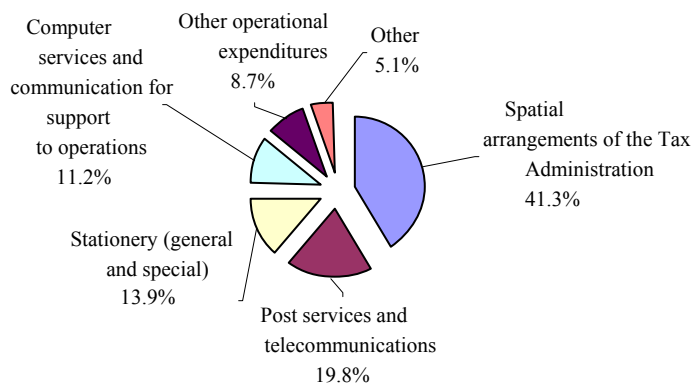
Account - type of costs	USE 3354			USE 283			Use of other assigned budget items			USE OF MATERIAL EXPENDITURES - IN TOTAL		
	2008	2007	Index 08/07	2008	2007	Index 08/07	2008	2007	Index 08/07	2008	2007	Index 08/07
1	2	3	4=2/3	5	6	7=5/6	8	9	10=8/9	11=2+5+8	12=3+6+9	13=11/12
4020 Stationery and general material and services	5,421,285	4,981,946	108.8	0	0	0.0	4,009	0	0.0	5,425,294	4,981,946	108.9
4021 Special material and services	40,377	0	0.0	0	0	0.0	0	0	0.0	40,377	0	0.0
4022 Energy, water, public utility services and communications	4,974,048	5,057,738	98.3	0	182,314	0.0	0	0	0.0	4,974,048	5,240,052	94.9
4023 - Transport expenditures and services	477,485	443,892	107.6	0	0	0.0	978	701	139.6	478,463	444,592	107.6
4024 - Expenditures for business travels	388,133	323,619	119.9	0	0	0.0	0	0	0.0	388,133	323,619	119.9
4025 - Current maintenance	1,304,012	764,690	170.5	0	0	0.0	0	29,766	0.0	1,304,012	794,456	164.1
4026 - Rents and leasing	4,845,745	4,497,772	107.7	0	0	0.0	0	0	0.0	4,845,745	4,497,772	107.7
4029 - Other operational expenditures	1,671,036	1,388,523	120.3	0	0	0.0	0	0	0.0	1,671,036	1,388,523	120.3
IN TOTAL:	19,122,119	17,458,181	109.5	0	182,314	0.0	4,987	30,467	16.4	19,127,107	17,670,962	108.2

Funds used for material expenditures in 2008 and 2007 according to types





Structure of used material expenditures in 2008 according to the purpose



Expenditures of spatial arrangements of the Tax Administration had the share of 41.3 percent in material expenditures: out of this share rents and leasing of business premises had the share of 25.5 percent and operating expenditures for business premises 15.8 percent (cleaning 5.0 percent, security 3.1 percent, heating 2.5 %, electricity 3.2 %, current maintenance and insurance 1.5 % and public utility services 0.5 %).

Expenditures for post and telecommunication services had the share of 19.8 percent in the structure of use (16.1 percent for post services and 3.7 percent for telecommunication services for support to operations).

Expenditures for stationery, general and special stationery (stationery, publishing, printing and marketing services, translation services, technical literature, newspapers, printed materials, forms, decisions and other general materials) had the share of 13.9 percent in the structure of use.

Computer services within projects of the informatisation plan 1612-06-0007-VID (227,562 EUR), 1612-06-0008-OPU (1,284,757 EUR), 1612-06-0009-ROISP (627,811 EUR) and 1612-08-0003-eDIS (4,836 EUR) – expenditures of the operational part and support to users and communication expenditures for support to operations had the share of 11.2 percent in the structure of use.

Other operational expenditures (payment of bank services in connection with rebates of overpaid personal income tax, realisation of the training programme of employed civil servants, costs of court procedures, costs of tax procedures, costs for work via students' agencies and other operational expenditures) had the share of 8.7 percent.

Other expenditures in connection with financing of expenditures for business travels in the Republic of Slovenia and abroad, for transport expenditures, for maintenance and repairs of vehicles, for vehicle registration fees and insurance premiums, for current maintenance of equipment and obligations in connection with settled VAT in total had the share of 5.1 percent in the structure of use of material expenditures.

11,860,459 EUR were used for **investments and investment maintenance** (major maintenance and repair) and they were completely financed from funds on the budget item 2848 - Investments and investment maintenance.

Funds for financing of investments were in the adopted budget approved on the budget item 2848 – Investments and investment maintenance in the amount of 13,560,959 EUR and on the item 8619 – Funds from the sale of state property in the amount of 4,173 EUR.

Funds of the valid budget on the budget item 2848 – Investments and investment maintenance reached 12,288,255 EUR and they were for 1,272,704 EUR lower from the adopted budget due to redistribution of rights to use as follows: in connection with redistributed rights to use to the salary item in the amount of 1,111,900 EUR according to the order of the Ministry of Finance, no. P1600-2008-3107 and 400,000 EUR according to the order of the Ministry of Finance, no. P1611-2008-3121



for financing computer programme at AJPES and in connection with redistributed rights to use within the financial plan of the Tax Administration of the RS in accordance with Article 15 of the ZIPRS0809 to the salary item according to the order PPS-148/2008 in the amount of 245,536 EUR, according to the order PPS-63/2008 from the item 3354 – Material expenditures in the amount of 850,000 EUR and to the item 3354 – Material expenditures according to orders PPS-78/2008, 134/2008 and 152/2008 in the amount of 365,268 EUR.

Funds of the valid budget on the item 8619 – Funds from the sale of state property, created in connection with sale of business vehicles, were lower than funds from the adopted budget for 1,108 EUR.

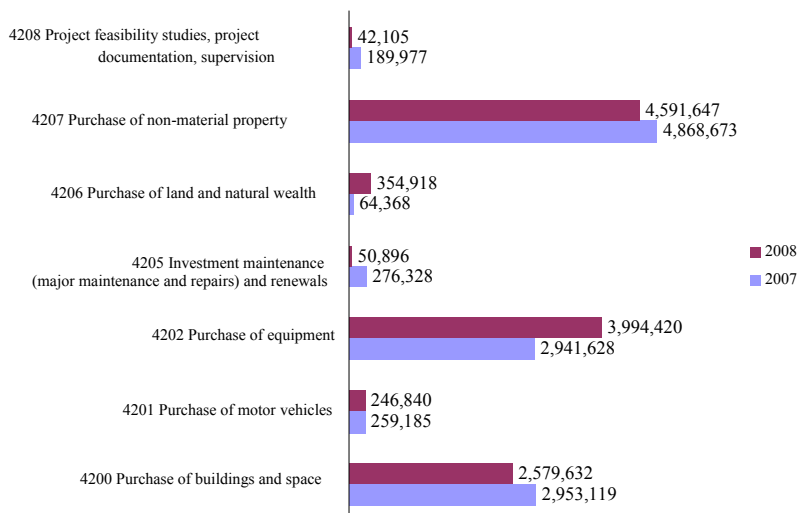
Funds of the valid budget on the item 7791 - Immovable property-Funds from rents were higher than funds from the adopted budget for 108,476 EUR in connection with inflows from previous years and distributed according to the proposal, no. 41/2008.

Use of funds for investments and investment maintenance in 2008 (in EUR)

Account	Type of expenditures	Item 2848			Items 8619 and 8899			Investments - in total		
		2008	2007	Index 08/07	2008	2007	Index 08/07	2008	2007	Index 08/07
1	2	3	4	5=3/4	6	7	8=6/7	9=3+6	10	11
4200	Purchase of buildings and space	2,579,632	2,953,119	87.4	0	0	0.0	2,579,632	2,953,119	87.4
4201	Purchase of motor vehicles	246,840	232,338	0.0	0	26,847	0.0	246,840	259,185	0.0
4202	Purchase of equipment	3,994,420	2,941,628	135.8	0	0	0.0	3,994,420	2,941,628	135.8
4204	New constructions, reconstructions and renovations	50,896	0	0.0	0	0	0.0	50,896	0	0.0
4205	Investment maintenance and renewals	354,918	276,328	128.4	0	0	0.0	354,918	276,328	128.4
4206	Purchase of land and natural wealth	0	64,368	0.0	0	0	0.0	0	64,368	0.0
4207	Purchase of non-material property	4,591,647	4,868,673	94.3	0	0	0.0	4,591,647	4,868,673	94.3
4208	Project feasibility studies, project documentation, supervision	42,105	189,977	22.2	0	0	0.0	42,105	189,977	22.2
:	IN TOTAL	11,860,459	11,526,431	102.9	0	26,847	0.0	11,860,459	11,553,278	102.7

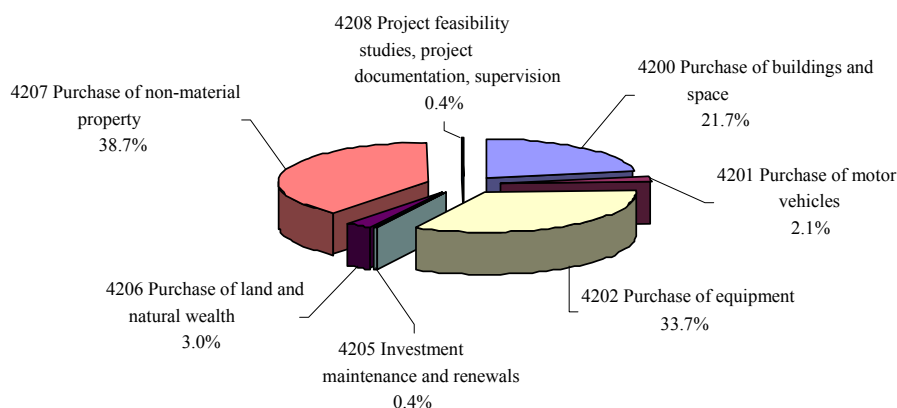
Purchase of licences for IT needs of the Tax Administration has the largest share (38.7 %) in the structure of use of funds for investments and investment maintenance in 2008, and then there is purchase of equipment with the share of 33.7 percent and then purchase of buildings and space with the share of 21.7 percent.

Funds used for investments and investment maintenance in 2008 and 2007





Structure of funds for investments and investment maintenance in 2008 according to purpose



In 2008 within the valid plan of development programmes the Tax Administration financed projects from the above-mentioned budget item in the amount of 11,860,459 EUR (out of this number from the field of IT plan in the amount of 6,411,758 EUR and projects from the field of planning of purchases and building, including financial leasing of business premises and equipment in the amount of 5,448,701 EUR).

Purchase of licences for IT needs of the Tax Administration has the largest share (38.7 %) in the structure of use of funds for investments and investment maintenance in 2008, and then there is purchase of equipment with the share of 33.7 percent and purchase buildings and space with the share of 21.7 percent.

Realised projects:

1. In 2008 from the IT plan in the total amount of 6,411,757 EUR:

Project ID 1612-06-0006 – NIR: planning and development of the information system in the value of 1,193,977 EUR,

Projekt ID 1612-06-0007 – VID: maintenance and upgrading sub-systems in the value of 1,982,083 EUR,

Project ID 1612-06-0008 – OPU: operational part and support to users in the value of 12,112 EUR,

Projekt ID 1612-06-0009 - ROISP: computer equipment and system support in the value of 3,223,585 EUR.

2. Together with financial rents of business premises and equipment the plan of purchases and construction was realised in the amount of 5,448,701 EUR, out of this number projects from the plan of purchases and construction in the amount of 2,769,363 EUR:

Project ID 1612-06-0001 – Archives of the Slovenian Tax Administration in the value of 440 EUR,

Project ID 1612-07-0001 – purchases of motor vehicles of the Slovenian Tax Administration in the value of 246,840 EUR,

Project ID 1612-07-0002 – construction of Logatec Administrative Centre in the value of 50,896 EUR,

Project ID 1612-07-0003 – small investments in the value of 131,707 EUR,

Project ID 1612-07-0004 – investments into fixed assets – renovation of equipment in the value of 356,164 EUR,

Project ID 1612-07-0006 – investment maintenance – renovations of buildings in the value of 326,990 EUR,

Projekt ID 1612-07-0007 – purchase of business premises for tax offices in Ljubljana in the value of 1,656,326 EUR.

Financial rents in the amount of 2,679,338 EUR:

Project ID 1612-04-0002 – General Tax Office, Zeleni trikotnik in the amount of 1,001,544.5 EUR,

Project ID 1612-04-0003 – Hrastnik Tax Office, Log 36 in the amount of 224,081 EUR,

Project ID 1612-04-0004 – Murska Sobota Tax Office, Slomškova 1 in the amount of 302,275 EUR,

Project ID 1612-04-0005 – Murska Sobota Tax Office, Slomškova 1 in the amount of 238,900 EUR,

Project ID 1612-04-0006 – Murska Sobota Tax Office, Slomškova 1 in the amount of 20,248 EUR,

Project ID 1612-04-0007 – Novo mesto Tax Office, Kočevarjeva 1 in the amount of 355,092 EUR,

Project ID 1612-04-0012 – Celje Tax Office – business premises in the amount of 437,492 EUR,

Project ID 1612-04-0013 – Celje Tax Office – equipment in the amount of 99,705.5 EUR.



V. SUPERVISION OVER TAX ADMINISTRATION WORK

The supervision over tax administration work is conducted in the form of internal and external supervision cases.

INTERNAL SUPERVISION

In 2008 two regular direct supervision cases were realised only to the reporting phase. The reason is a considerable increase in extraordinary direct supervision cases (for 80 percent), which was not possible to foresee.

On the basis of information, which the department received from various sources, 18 extraordinary direct supervision cases were conducted, where the legality of conduct was established for a concrete Tax Administration's employee as well as state in a specific narrow tax field.

In 2008 the Tax Administration received 204 comments and 340 cases of praise from persons liable for tax. In comparison with 2007 the number of comments decreased for 31.8 percent. The number of cases of praise was lower for 8.4 percent. 89.2 percent of the received comments were resolved in the same year.

Out of 182 resolved comments there were 10.9 percent justified, 18.7 percent partially justified and 56.1 percent not justified. Other (14.3 percent) include those comments, where classification of justification is not possible. In comparison with 2007 the percentage of justified comments decreased (from 16.4 to 10.9 percent) and the share of not justified comments increased (from 47.0 to 56.1 percent). The total share of justified and partially justified comments decreased (from 33.8 to 29.6 percent).

NUMBER OF RECEIVED COMMENTS AND CASES OF PRAISE

	COMMENTS							Cases of praise
	Code of Ethics	Accountancy and enforcement	Auditing	Personal income tax	Compensation for the use of building land	Other taxes	In total	
2008	42	57	26	34	6	39	204	340
Structure in %	20.6	27.9	12.7	18.1	2.9	19.1	100.0	
2007	49	66	38	68	23	55	299	371
Structure in %	16.4	22.1	12.7	22.7	7.7	18.4	100.0	
Index 08/07	85.7	86.3	68.4	50.0	26.1	70.9	68.2	91.6

In comparison with the previous year the share at personal income tax decreased (before that it grew three years in succession. These relations are identical to those, which were valid (for several years) before changes at personal income tax, which shows stabilisation of the field.

INTERNAL AUDITING

In 2008 the Tax Administration foresaw 11 internal audits, continuous cooperation and advising to internal organisational units and cooperation with the Court of Audits and Ministry of Finance at implementation of audits of the Court of Audit and European Commission and, furthermore, at implementation of corrective measures after conducted audits. The Internal Audit Department in total participated in five external audits, out of this number there were four audits of the Court of Audit (the Tax Administration was audited in three cases and in one case the Tax Administration was only included into the audit of other bodies) and in one audit of the European Commission.



On the basis of recommendations the Tax Administration conducted all those measures, where realisation was possible. Realisation of some measures depends on the existing and new information support. Measures, connected with the existing information support, are in progress, measures, connected with the new information support, are included into requests of tender requirements of the new eDIS.

At taking into consideration a larger number of extraordinary audits than it was planned at first, the Internal Audit Department conducted all planned internal audits in the field of information technology, tax accountancy DP1 and rebates of personal income tax. Internal audits checked operations of internal controls and performance efficiency. The Internal Audit Department prepared recommendations, which were completely supported by Tax Administration's management. The majority of measures for implementation of recommendations is still in progress. In cooperation with all organisational units of the Tax Administration the Internal Audit Department prepared a Statement on evaluation of internal audit of public finance in the Slovenian Tax Administration for 2007. It participated in the inventory and preparation of some instructions. It promptly responded also to written and oral questions from internal organisational units and participated also in all planned training events from the field of IT and internal auditing.

EXTERNAL SUPERVISION

External supervision over the Tax Administration in 2008 was conducted by: Court of Audit, European Commission, Commissioner for Access to Public Information and Administrative Inspection.



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MINISTRY OF FINANCE

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