



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

**TAX
ADMINISTRATION
ANNUAL
REPORT
FOR 2006**

June 2007

IMPORTANT STATISTICAL DATA

BASIC DATA	YEAR		INDEX 06/05		
	2006	2005			
I. TAX REGISTER					
NUMBER OF ALL TAXPAYERS IN THE REGISTER OF TAXPAYERS (RDZ)	2,631,743	2,566,364	102.5		
NUMBER OF ACTIVE TAXPAYERS – IN TOTAL (SOURCE: RDZ)	2,518,925	2,460,047	102.4		
NUMBER OF ACTIVE TAXPAYERS – LEGAL ENTITIES (SOURCE: RDZ)	103,805	99,742	104.1		
NUMBER OF ACTIVE TAXPAYERS – INDIVIDUALS (SOURCE: RDZ)	2,415,120	2,360,305	102.3		
NUMBER OF ACTIVE TAXPAYERS PERFORMING BUSINESS ACTIVITIES (SOURCE: RDZ)	84,870	81,925	103.6		
II. REVENUES					
	2006	2005		AP 2007	INDEX AP 07 / R 06
COLLECTED REVENUES – IN TOTAL (IN SITM)	2,489,267.9	2,296,101.4	108.4	2,504,650.8	100.6
SOURCE: ACCOUNTANCY DP1, DP2 AND VAT AND ISPO APPLICATIONS					
III. TAX ENFORCEMENT					
NUMBER OF TELEPHONE CALLS, SENT NOTICES AND ISSUED ORDERS	642,171	515,466	124.6	519,769	80.9
TELEPHONE CALLS (IN SITM)	17,877.5	10,729.8	166.6	15,692.9	87.8
PAYMENTS AFTER TELEPHONE CALLS (IN SITM)	11,140.9	7,634.9	145.9	8,393.0	75.3
SENT NOTICES ABOUT NON-PAID TAXES (IN SITM)	236,192.6	169,146.1	139.6	171,165.1	72.5
PAYMENTS AFTER ISSUED NOTICES (IN SITM)	43,910.1	27,154.8	161.7	30,111.4	68.6
ISSUED ORDERS (IN SITM)	112,078.8	91,090.2	123.0	101,106.1	90.2
PAID ORDERS (IN SITM)	41,489.9	35,037.0	118.4	36,925.9	89.0
CLAIMED DEBT WITH TELEPHONE CALLS, SENT NOTICES AND ISSUED ORDERS (IN SITM)	366,148.9	270,966.1	135.1	287,964.1	78.6
PAYMENTS AFTER CALLS, NOTICES SENT AND ISSUED ORDERS – IN TOTAL (IN SITM)	96,540.9	69,826.7	138.3	75,430.3	78.1
SHARE OF COLLECTED REVENUES ON THE BASIS OF PAYMENTS AFTER TELEPHONE CALLS, SENT NOTICES AND ISSUED ORDERS IN %	3.88	3.04	127.5	3.0	77.7
IV. CONTROL					
NUMBER OF INPUT DOCUMENTS	5,866,968	5,248,476	111.8	5,070,508	86.4
NUMBER OF OUTPUT DOCUMENTS	2,922,296	2,753,149	106.1	2,556,377	87.5
NUMBER OF CASES WITH DISCOVERED IRREGULARITIES	156,890	223,713	70.1	-	-
ESTIMATED ADDITIONAL TAX (IN SITM)	10,847.0	12,596.9	86.1	6,567.6	60.5
V. AUDITING					
CONDUCTED AUDITS (QUANTITY)	5,069	4,373	115.9	7,500	148.0
TYPE AUDITS (QUANTITY)	8,579.7	8,225.4	104.3	-	-
ESTIMATED ADDITIONAL LIABILITIES (IN SITM)	16,549.2	20,241.0	81.8	25,046.5	151.3
PAYMENTS OF ESTIMATED ADDITIONAL LIABILITIES (IN SITM)	12,359.2	12,000.00	103.0	-	-
OTHER EFFECTS OF AUDITING (IN SITM)	7,620.2	15,365.7	49.6	9,831.8	129.0
SHARE OF ESTIMATED ADDITIONAL LIABILITIES IN COLLECTED REVENUES OF THE SLOVENIAN TAX ADMINISTRATION IN %	0.66	0.88	75.4	1.00	150.4
SHARE OF ESTIMATED ADDITIONAL LIABILITIES AND OTHER EFFECTS OF AUDITING (25 %) IN COLLECTED REVENUES OF THE SLOVENIAN TAX ADMINISTRATION IN %	0.74	1.05	70.7	1.10	148.1
ESTIMATED ADDITIONAL LIABILITIES PER RECORD – AUDIT (IN SITM)	3.265	4.629	70.5	3,340	102.3
VI. DISPUTE RESOLUTION AT THE FIRST INSTANCE					
NUMBER OF UNRESOLVED DISPUTES (ON 1/1)	1,968	3,361	58.6		
NUMBER OF FILED APPEALS	25,904	19,444	133.2	18,968	73.2
NUMBER OF RESOLVED DISPUTES AT THE FIRST INSTANCE	20,158	15,790	127.7	14,852	73.7
NUMBER OF APPEALS RELINQUISHED TO THE SECOND INSTANCE	3,796	4,440	85.5	3,941	103.8
NUMBER OF WITHDRAWN APPEALS	843	607	138.9	454	53.9
NUMBER OF PROCESSED APPEALS AT THE FIRST INSTANCE (RESOLVED, RELINQUISHED, WITHDRAWN)	24,797	20,837	119.0	19,247	77.6
NUMBER OF UNRESOLVED DISPUTES (ON 31/12)	3,075	1,968	156.3	1,574	51.2
	(31/12/2006)	(31/12/2005)		(31/12/2007)	
VII. EMPLOYEES					
NUMBER OF EMPLOYEES – IN TOTAL (ON 31/12)	2,643	2,674	98.8	2,599	98.3
VIII. FUNDS USED					
				ADOPTED FP 2006 – REVISION	INDEX FP 07 / R 06
IN TOTAL – AMOUNT FOR SALARIES (3030) (IN SITM)	14,636.1	14,376.8	101.8	14,973.3	104.1
IN TOTAL – MATERIAL EXPENDITURES (IN SITM)	5,203.2	5,145.3	101.1	4,094.1	79.6
IN TOTAL – INVESTMENTS (IN SITM)	4,631.4	1,668.4	277.6	2,926.5	175.4
IN TOTAL – FUNDS USED (IN SITM)	24,470.7	21,321.7	114.8	21,994.0	103.2
FUNDS USED PER EMPLOYEE (IN SITM)	9.259	7.974	116.1	8.462	106.1
FUNDS USED / COLLECTED REVENUES (IN %)	0.98	0.93	105.9	0.88	94.6
AMOUNT FOR SALARIES / FUNDS USED (IN %)	59.8	67.4	88.7	68.1	101.0
INVESTMENTS / FUNDS USED (IN %)	18.9	7.8	241.9	13.3	170.0

IMPORTANT STATISTICAL DATA (1 EURO = 239,64 SIT)

BASIC DATA	YEAR		INDEX 06 / 05		
	2006	2005			
I. TAX REGISTER					
NUMBER OF ALL TAXPAYERS IN THE REGISTER OF TAXPAYERS (RDZ)	2,631,743	2,566,364	102.5		
NUMBER OF ACTIVE TAXPAYERS - IN TOTAL (SOURCE: RDZ)	2,518,925	2,460,047	102.4		
NUMBER OF ACTIVE TAXPAYERS - LEGAL ENTITIES (SOURCE: RDZ)	103,805	99,742	104.1		
NUMBER OF ACTIVE TAXPAYERS - INDIVIDUALS (SOURCE: RDZ)	2,415,120	2,360,305	102.3		
NUMBER OF ACTIVE TAXPAYERS PERFORMING BUSINESS ACTIVITIES (SOURCE: RDZ)	84,870	81,925	103.6		
II. REVENUES					
	2006	2005		AP 2007	INDEX AP 07/R 06
COLLECTED REVENUES - IN TOTAL (IN 000 EUR)	10,387,530.9	9,581,461.3	108.4	10,451,722.5	100.6
SOURCE: ACCOUNTANCY DP1, DP2 AND VAT AND ISPO APPLICATIONS					
III. TAX ENFORCEMENT					
NUMBER OF TELEPHONE CALLS, SENT NOTICES AND ISSUED ORDERS	642,171	515,466	124.6	519,769	80.9
TELEPHONE CALLS (IN 000 EUR)	74,601.3	44,774.9	166.6	65,485.3	87.8
PAYMENTS AFTER TELEPHONE CALLS (IN 000 EUR)	46,490.1	31,859.9	145.9	35,023.4	75.3
SENT NOTICES ABOUT NON-PAID TAXES (IN 000 EUR)	985,614.4	705,834.2	139.6	714,259.3	72.5
PAYMENTS AFTER ISSUED NOTICES (IN 000 EUR)	183,233.7	113,315.0	161.7	125,652.6	68.6
ISSUED ORDERS (IN 000 EUR)	467,696.7	380,112.7	123.0	421,908.2	90.2
PAID ORDERS (IN 000 EUR)	173,134.1	146,206.8	118.4	154,089.2	89.0
CLAIMED DEBT WITH TELEPHONE CALLS, SENT NOTICES AND ISSUED ORDERS (IN 000 EUR)	1,527,912.4	1,130,721.7	135.1	1,201,652.8	78.6
PAYMENTS AFTER CALLS, NOTICES SENT AND ISSUED ORDERS - IN TOTAL (IN 000 EUR)	402,857.9	291,381.7	138.3	314,765.1	78.1
SHARE OF COLLECTED REVENUES ON THE BASIS OF PAYMENTS AFTER TELEPHONE CALLS, SENT NOTICES AND ISSUED ORDERS IN %	3.88	3.04	127.5	3.0	77.7
IV. CONTROL					
NUMBER OF INPUT DOCUMENTS	5,866,968	5,248,476	111.8	5,070,508	86.4
NUMBER OF OUTPUT DOCUMENTS	2,922,296	2,753,149	106.1	2,556,377	87.5
NUMBER OF CASES WITH DISCOVERED IRREGULARITIES	156,890	223,713	70.1	-	-
ESTIMATED ADDITIONAL TAX (IN 000 EUR)	45,263.7	52,566.1	86.1	27,406.2	60.5
V. AUDITING					
CONDUCTED AUDITS (QUANTITY)	5,069	4,373	115.9	7,500	148.0
TYPE AUDITS (QUANTITY)	8,579.7	8,225.4	104.3	-	-
ESTIMATED ADDITIONAL LIABILITIES (IN 000 EUR)	69,058.7	84,464.2	81.8	104,517.2	151.3
PAYMENTS OF ESTIMATED ADDITIONAL LIABILITIES (IN 000 EUR)	51,574.1	50,075.1	103.0	-	-
OTHER EFFECTS OF AUDITING (IN 000 EUR)	31,798.4	64,119.9	49.6	41,027.2	129.0
SHARE OF ESTIMATED ADDITIONAL LIABILITIES IN COLLECTED REVENUES OF THE SLOVENIAN TAX ADMINISTRATION IN %	0.66	0.88	75.4	1.00	150.4
SHARE OF ESTIMATED ADDITIONAL LIABILITIES AND OTHER EFFECTS OF AUDITING (25 %) IN COLLECTED REVENUES OF THE SLOVENIAN TAX ADMINISTRATION IN %	0.74	1.05	70.7	1.10	148.1
ESTIMATED ADDITIONAL LIABILITIES PER RECORD - AUDIT (IN 000 EUR)	13.624	19.315	70.5	13.936	102.3
VI. DISPUTE RESOLUTION AT THE FIRST INSTANCE					
NUMBER OF UNRESOLVED DISPUTES (ON 1/1)	1,968	3,361	58.6		
NUMBER OF FILED APPEALS	25,904	19,444	133.2	18,968	73.2
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NUMBER OF UNRESOLVED DISPUTES (ON 31/12)	3,075	1,968	156.3	1,574	51.2
	(31/12/2006)	(31/12/2005)		(31/12/2007)	
VII. EMPLOYEES					
NUMBER OF EMPLOYEES - IN TOTAL (ON 31/12)	2,643	2,674	98.8	2,599	98.3
VIII. FUNDS USED					
				ADOPTED FP 2006 - REVISION	INDEX FP 07/R 06
IN TOTAL - AMOUNT FOR SALARIES (3030) (IN 000 EUR)	61,075.4	59,993.5	101.8	62,482.7	104.1
IN TOTAL - MATERIAL EXPENDITURES (IN 000 EUR)	21,712.6	21,471.0	101.1	17,084.5	79.6
IN TOTAL - INVESTMENTS (IN 000 EUR)	19,326.4	6,962.1	277.6	12,212.1	175.4
IN TOTAL - FUNDS USED (IN 000 EUR)	102,114.5	88,973.9	114.8	91,779.4	103.2
FUNDS USED PER EMPLOYEE (IN 000 EUR)	38.636	33.274	116.1	35.313	106.1
FUNDS USED / COLLECTED REVENUES (IN %)	0.98	0.93	105.9	0.88	94.6
AMOUNT FOR SALARIES / FUNDS USED (IN %)	59.8	67.4	88.7	68.1	101.0
INVESTMENTS / FUNDS USED (IN %)	18.9	7.8	241.9	13.3	170.0

TAX ADMINISTRATION OF THE REPUBLIC OF SLOVENIA
IS A CONSTITUENT PART OF THE MINISTRY OF FINANCE.
THE SEAT OF THE TAX ADMINISTRATION OF THE RS IS IN LJUBLJANA.

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

REGIONAL TAX OFFICES HAVE BRANCHES
AS INTERNAL ORGANISATION UNITS LOCATED ELSEWHERE.

THE TAX ADMINISTRATION OF THE REPUBLIC 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
FROM THE ACTIVITIES 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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INTRODUCTION

Performance of the Tax Administration of the Republic of Slovenia (hereinafter: the Tax Administration) in the year of 2006, which we can estimate as a successful one, is the result of a lot of energy and effort, knowledge and experiences, which have been put into work by each civil servant, employed at the Tax Administration. I would like to take this opportunity to thank all of my colleagues again.

In 2006 the Tax Administration collected 2,489,267.9 million tolar of revenues, which is 8.4 percent more than in 2005. The annual plan was exceeded for 4.6 percent. The highest growth (even for 22.0 percent more than in 2005) has been noticed at revenues from the group of taxes on income and profit and at taxes on property (for 10.9 percent). Payments of government revenues into the state budget of the Republic of Slovenia (hereinafter: RS) increased for 10.8 percent in comparison with 2005; budgets of local governments comparatively obtained 13.0 percent higher revenues than in 2005; the Pension and Disability Insurance Institute of Slovenia increased its revenues from revenues, which are collected by the Tax Administration, for 6.1 percent and the Health Insurance Institute of Slovenia for 4.6 percent.

At results it should be emphasized that the Tax Administration in 2006 with many activities and measures of tax enforcement forcibly collected 96,540.9 million tolar of the debt, which means that we exceeded the planned realisation for even 37.8 percent. In other words, in comparison with 2005 the Tax Administration forcibly collected even 38.2 percent more debt. Due to various activities the active tax debt in the field of tax enforcement decreases.

In 2006 the control received 5,866,968 tax returns, settlements and other forms, which means that we processed 7.5 percent more forms as it was foreseen by the annual plan for 2006; in comparison with 2005 this growth is even 11.8 percent. The control issued 2,922,296 decisions or other documents to taxpayers, which is 4.4 percent more than it was planned for 2006 and 6.1 percent more than in the year before.

In 2006 5,069 cases of tax audit supervision were conducted, which means that in comparison with 2005 the Tax Administration conducted even 15.9 percent more audits. Cases of tax audit supervision were directed into performing of concurrent partial tax supervision over corporate profit tax in connection with VAT and performing of coordinated supervision at taxpayers, who perform business activities with cash. The emphasis was also put on the supervision over taxpayers, who perform risky business activities. 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 with law enforcement authorities, with the Police and Office of the Prosecutor.

It should be specially emphasized that in 2006 the Tax Administration prepared a comprehensive accountancy report for the first time at the level of the whole Tax Administration after the annual financial statement for 2005 from all accountancy records: DP1, DP2, VAT and records the Tax Administration of the RS offence body (ISPO).

We put down only some results, which prove successful performance of the Tax Administration, which strove also in 2006 to achieve the strategic objectives, written in the Business Strategy for the period 2005-2008. In addition to legality and transparency of our performance the Tax Administration definitely strove to achieve also the basic Tax Administration's objective – respectful and user-friendly relation to all taxpayers, which is absolutely one of key ways for increase of Tax Administration's efficient performance. This is also one of the reasons why in 2006 we focused additional attention on informing of taxpayers and communicating with them. Special attention was placed also on changes of the valid and coming legislation. Taxpayers were actively informed about the work of the Tax Administration, achieved work results, i.e. with updated publishing of news, explanations, forms and programmes at the website, in the media and in our own publications. A lot of work was put into the upgrading and promotion

of the internet-based services for taxpayers and into improvement of the system of communication with taxpayers in general; we will perform this also in future. With better informing of taxpayers, especially the newly registered ones, about their rights and obligations and encouraging the use of electronic services, the Tax Administration worked intensively also in the field of awareness of tax obligations and encouraging the culture of their fulfilment.

Special attention in the previous year was put on personal income tax, current assessment and assessment for 2006 because we especially dealt with all necessary activities, so that we were able to prepare the project for pre-completed forms, which foresaw also two important changes – submission of control data also through the open portal, called eDavki (eTaxes) and issuing of pre-completed forms for personal income tax returns. With the aim of realisation of this objective the Tax Administration professionally prepared for the execution; in addition it also intensively worked in the field of informing its public (internal and external) because this was a condition for the achieved high level of correct preparation of data for personal income tax assessment for 2006. In this field in the last year also the first base of knowledge was established for the virtual tax assistant (VIDA), with the assistance of whom taxpayers were provided with simple and fast access to information, important for declaration 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 constituent parts. We included all interested factors in processes of changing or improving of its performance and with larger transparency of work we increased the awareness on progress, which was achieved within the Tax Administration.

At its operations the Tax Administration continues to expand its contacts also with tax administrations in other states and other governments and public administrations and it uses the acquired knowledge on the basis of their experiences at its work. The network of information exchange with other states and foreign international institutions is more and more branched.

The work of the Tax Administration was in 2006 marked also by the implementation of the new tax legislation, which intervened considerably in the fields of tax procedure, corporate income tax, personal income tax, value added tax, tax on salaries paid and other taxes. The consequence is that the Tax Administration became also an offence body, with which it received additional competences, tasks and obligations.

Important activities took place in the field of realisation of two projects, which are very important in the long term, i.e. central tax accountancy and modernisation of information support in the fields of assessment and control, into which also the transition to euro in the beginning of 2007 was included.

The increased extent of Tax Administration's work, which is a consequence of changes in the fields of tax as well as non-tax legislation, and reduction of the number of employees didn't influence the fulfilment of Tax Administration's tasks, which remains positive in almost all fields.

The work of the Tax Administration was, of course, not without problems. The largest share of problems was connected with obsolete information support, which significantly burdens the work of each employed civil servant and has negative influences on the efficiency of the Tax Administration. This is the reason why the Tax Administration in 2006 actively prepared all necessary documentation for comprehensive modernisation of the tax information system, which will be in future definitely the basic project of the Tax Administration.

We will follow the presented directions of development of Tax Administration's operations also in future. The conducted analyses and results, presented in the annual report, show that input and effort of all employed civil servants at the Tax Administration already remunerate.

Ivan Simič
Director-General

COLLECTED TAXES AND OTHER REVENUES OF THE TAX ADMINISTRATION

In 2006 the Tax Administration collected **2,489,267.9 million** tolar of revenues, which means 8.4 percent more than in 2005.

The annual plan of government revenues, which are collected by the Tax Administration within the valid economic classification, was exceeded for 4.6 percent. The annual plan in the amount of 2,376,218.4 million tolar included revenues of state and local governments' budgets and both funds of obligatory social insurance (Pension and Disability Insurance Institute of Slovenia and Health Insurance Institute of Slovenia).

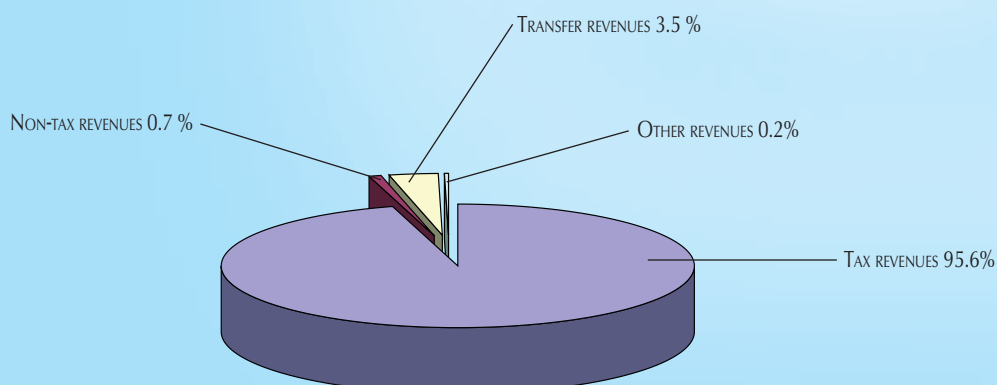
In 2006 there were 2,484,336.5 million tolar of recorded payments, which are included in schemes for monitoring of revenues. There were also payments of other revenues in the amount of 4,931.4 million tolar (membership fees for the Chamber of Commerce and Industry of Slovenia and Chamber of Craft of Slovenia 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 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, are the source of data for reporting about realisation of the annual plan of revenues in 2006.

REALISATION OF REVENUES, COLLECTED BY THE TAX ADMINISTRATION (IN SITM)

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
TAX REVENUES	2,273,613.8	2,380,040.8	104.7	2,187,651.3	108.8
NON-TAX REVENUES	15,137.5	16,844.6	111.3	14,752.3	114.2
TRANSFER REVENUES	87,467.1	87,451.2	100.0	88,485.6	98.8
GOVERNMENT REVENUES – IN TOTAL	2,376,218.4	2,484,336.5	104.6	2,290,889.1	108.4
OTHER REVENUES	x	4,931.4	x	5,212.2	94.6
IN TOTAL	-	2,489,267.9	-	2,296,101.4	108.4

STRUCTURE OF REVENUES, COLLECTED BY THE TAX ADMINISTRATION IN 2006



TAX REVENUES

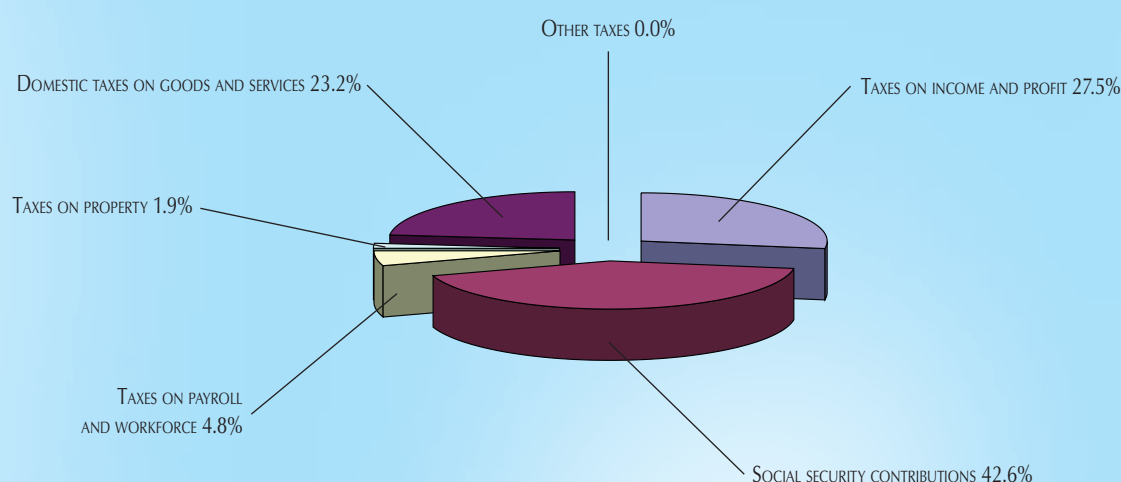
In 2006 tax revenues had the share of 95.6 percent in the structure of all payments of revenues, collected by the Tax Administration. In 2006 payments of tax revenues were higher than they were planned for 4.7 percent and the realisation from the previous year was exceeded for 8.8 percent. The largest share (even 42.6 percent) belonged to social security contributions. Then there were taxes on income and profit with the share of 27.6 percent.

COLLECTED TAX REVENUES (IN SITM)

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
TAXES ON INCOME AND PROFIT	568,474.9	656,055.6	115.4	537,588.0	122.0
SOCIAL SECURITY CONTRIBUTIONS	1,008,516.0	1,013,083.7	100.5	954,745.0	106.1
TAXES ON PAYROLL AND WORKFORCE	106,286.6	113,335.1	106.6	126,078.7	89.9
TAXES ON PROPERTY	38,896.1	44,811.3	115.2	40,388.9	110.9
DOMESTIC TAXES ON GOODS AND SERVICES	551,087.6	552,161.9	100.2	532,401.3	103.7
OTHER TAXES	352.5	593.3	168.3	-355.6	-16.7
IN TOTAL	2,273,613.8	2,380,040.8	104.7	2,187,651.3	108.8

In 2006 payments of tax revenues exceeded the planned amount at all groups of taxes and contributions, which belong among tax revenues.

STRUCTURE OF TAX REVENUES IN 2006



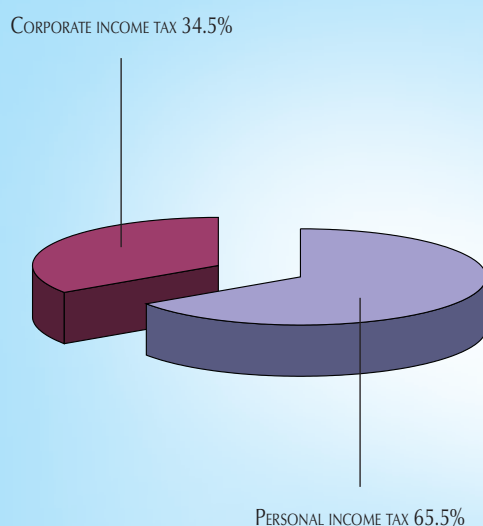
TAXES ON INCOME AND PROFIT

In 2006 taxes on income and profit had the share of 27.6 percent in the structure of tax revenues. In 2006 they were realised in the amount of 656,055.6 million tolars. The annual plan was exceeded for 15.4 percent. In comparison with the year before payments were higher for 22.0 percent, the exceedance is mainly a consequence of high payments of corporate income tax.

COLLECTED TAXES ON INCOME AND PROFIT (IN SITM)

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
PERSONAL INCOME TAX	408,196.3	429,593.2	105.2	394,702.8	108.8
ANNUAL SETTLEMENT (ADDITIONAL PAYMENTS – REBATES)	-23,934.9	-36,032.6	150.5	-21,887.2	164.6
ADDITIONAL PAYMENTS	21,866.9	15,676.5	71.7	20,673.9	75.8
REBATES	45,801.8	51,709.2	112.9	42,561.1	121.5
PERSONAL INCOME TAX ADVANCE PAYMENT	420,637.6	453,038.6	107.7	416,590.0	108.7
PERSONAL INCOME TAX ON INTEREST, DIVIDENDS AND CAPITAL GAINS	11,493.6	12,587.3	109.5		
CORPORATE INCOME TAX	160,278.6	226,462.4	141.3	142,885.2	158.5
IN TOTAL	568,474.9	656,055.6	115.4	537,588.0	122.0

STRUCTURE OF TAXES ON INCOME AND PROFIT



Personal income tax was for 5.2 percent higher than the planned amount and for 8.8 percent higher than in the year before. The state budget received 429,593.2 million tolars in connection with personal income tax.

Personal income tax advance payments reached 453,038.6 million tolars, which is 7.7 percent above the annual plan and 8.7 percent more than in 2005. Payments of settlements of prepayments for tax on incomes from business activities largely influenced the increase of personal income tax advance payments. In accordance with the Tax Procedure Act in 2006 the method of taxation of sole entrepreneurs was equalised

with the method of taxation of other companies. In the year before the tax obligation for sole entrepreneurs was assessed with the personal income tax decision, but in April 2006 persons liable for tax according to the settlement were obliged to pay the regular advance payment for March already according to the new settlement, submitted in March, and at the same time also the settlement of advance payments for January and February. In addition they also additionally paid the underpaid tax.

In 2006 personal income tax on the profit from capital, dividends and interest also started to be presented separately. After the change of legislation, which is in force from 1.1.2006 onwards, personal income tax advance payment is no longer paid on interest, dividends and capital gains and it is the final tax. In 2006 the realisation of personal income tax on the profit from capital, dividends and interest reached 12,587.3 million tolar, which is 9.5 percent more than it was planned.

At the annual settlement of personal income tax, which mainly refers to the assessment of personal income tax for 2005, rebates were higher than additional payments for 36,032.6 million tolar. In comparison with the annual plan, which foresaw slightly higher additional payments as well as slightly lower rebates, the result is worse. At the beginning of 2005 the new Personal Income Tax Act came into force, which foresaw decrease of burden on individuals. In relation to the fact that realisation of the annual settlement in 2006 mainly referred to personal income tax for 2005, this is one of the essential reasons for lower net effect of annual personal income tax settlement.

Corporate income tax in 2006 was paid in the amount of 226,462.4 million tolar. Realisation exceeded the annual plan for 41.3 percent and realisation of the year before for 58.5 percent. The annual plan at corporate income tax was prepared on the basis of estimated GDP growth for 2006, changes of legislation, which foresaw specific positive effects for the state budget, were also taken into consideration. It was estimated that limitation of exercising investment as tax relief would result in the effect of increasing incomes in connection with this tax in the amount of 5 billion tolar. The assumption was also taken into consideration that the loss of tax on salaries paid in the amount of 2.6 billion tolar would be recovered with corporate income tax. Despite taking into consideration the above-mentioned financial effects, the realisation of this revenue in 2006 was still considerably above expectations.

Such increase in comparison with the previous year is a consequence of better performance of companies and mainly of changes of tax legislation, where reduction or transformation of tax relief, intended for investment, cancellation of relief for investment reserve, tax base extension, etc. had the most important role.

In 2006 taxpayers paid advance payments and differences of advance payments on the basis of submitted settlements for 2005.

64,141 settlements for corporate income tax were submitted for 2005, which is 2.8 percent more than for 2004. The obligation for tax payment reached 85.7 billion tolar and it was 73 percent higher than in the year before. Overpaid advance payments reached 18.2 billion tolar or 14 percent less than in the year before. The established advance payment, which is paid according to submitted settlements for 2005, reached 14,902 million tolar, which is 37 percent more than the established advance payment for the year before.

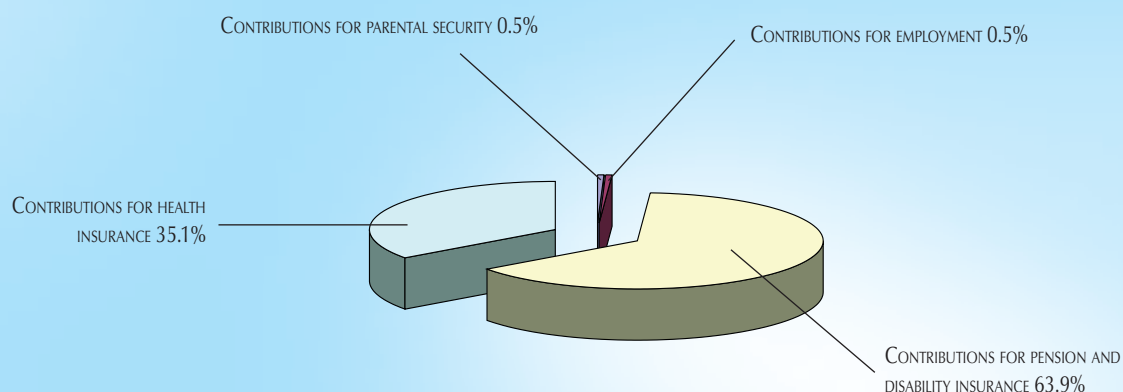
SOCIAL SECURITY CONTRIBUTIONS

Social security contributions include obligatory contributions for all types of social security. In 2006 they had the share of 42.6 percent in the structure of tax revenues. Payments of social security contributions reached the amount of 1,013,083.7 million tolars, which is on average 0.5 percent more than it was planned and 6.1 percent more than in 2005.

COLLECTED SOCIAL SECURITY CONTRIBUTIONS (SITM)

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
CONTRIBUTIONS FOR EMPLOYMENT	5,289.1	5,329.7	100.8	5,010.7	106.4
CONTRIBUTIONS FOR PARENTAL SECURITY	5,228.5	5,323.5	101.8	4,938.3	107.8
CONTRIBUTIONS FOR PENSION AND DISABILITY INSURANCE	644,708.6	647,135.3	100.4	610,241.9	106.0
CONTRIBUTIONS FOR HEALTH INSURANCE	353,289.8	355,295.2	100.6	334,554.1	106.2
IN TOTAL	1,008,516.0	1,013,083.7	100.5	954,745.0	106.1

STRUCTURE OF SOCIAL SECURITY CONTRIBUTIONS (WITHOUT TRANSFER REVENUES)



Contributions for employment and parental security are revenues of the state budget. Contributions for pension and disability insurance belong to the Pension and Disability Insurance Institute of Slovenia; contributions for health insurance are revenues 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 (87,451.2 million tolars) is presented among transfer revenues. These are funds, received from other government institutes for health insurance, employment, maternity leave, pension and disability insurance.

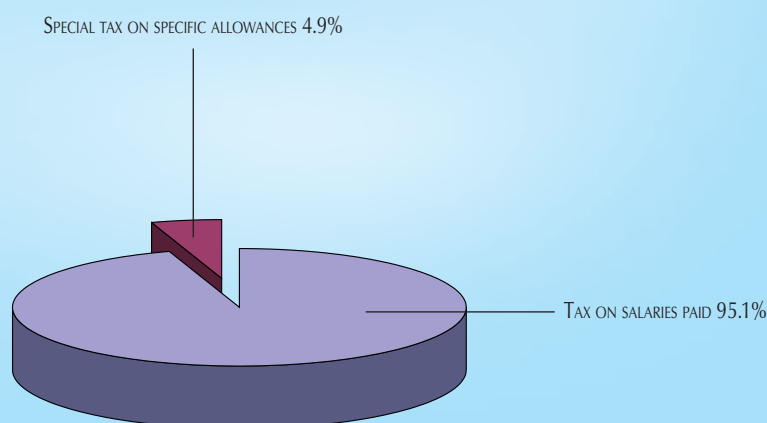
TAXES ON PAYROLL AND WORKFORCE

Paid **taxes on payroll and workforce** in 2006 reached the amount of 113,335.1 million tolars, which is 6.6 percent more than it was planned and 10.1 percent less than in the year before. They have the share of 4.8 percent in the structure of tax revenues.

COLLECTED TAXES ON PAYROLL AND WORKFORCE (IN SITM)

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
TAX ON SALARIES PAID	101,409.3	107,743.3	106.2	121,203.7	88.9
SPECIAL TAX ON SPECIFIC ALLOWANCES	4,877.3	5,591.8	114.6	4,875.0	114.7
IN TOTAL	106,286.7	113,335.1	106.6	126,078.7	89.9

STRUCTURE OF TAXES ON PAYROLL AND WORKFORCE



Tax on salaries paid was in 2006 paid in the amount of 107,743.3 million tolars, which is 6.2 percent more than it is put in the annual plan and 11.1 percent less than in 2005. It was estimated in the annual plan that in 2006 due to legal changes in the field of salaries paid revenues would be lower. The reason for lower payments is gradual cancellation of tax on salaries paid in the period 2006-2008, where in 2006 the rate decreased for 20 percent.

Special tax on specific allowances in 2006 was paid nominally in the amount of 5,591.8 million tolars. In comparison with the annual plan this means 14.6 percent more and in comparison with the year before 14.7 percent more. This tax is paid by legal entities and persons, who perform business activities and pay allowances to individuals for performed services on the basis of the work contract.

TAXES ON PROPERTY

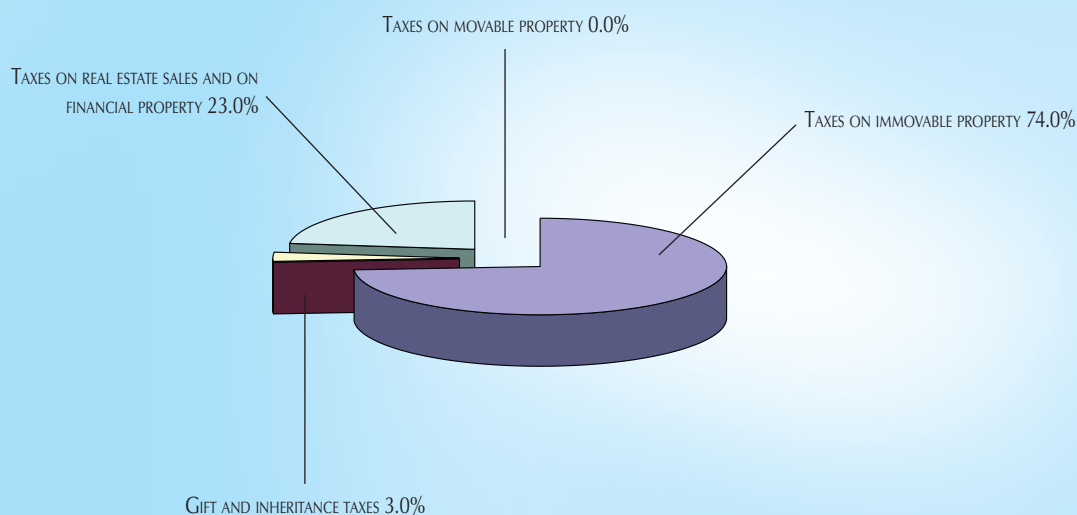
Taxes on property had the share of 1.9 percent in the structure of tax revenues in 2006. There were 44,811.3 million tolar of payments for taxes on property, which is 15.2 percent more than it was planned and 10.9 percent more than in 2005.

Taxes on immovable property, movable property, inheritance and gifts and real estate sales taxes and taxes on financial property are, with the exception of special tax on bank debit, local (municipal) taxes, so they have also a role of local financing and spatial planning.

COLLECTED TAXES ON PROPERTY (IN SITM)

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
TAXES ON IMMOVABLE PROPERTY (REAL ESTATE TAXES)	29,233.4	33,142.6	113.4	29,434.9	112.6
TAXES ON MOVABLE PROPERTY	9.3	9.7	104.1	9.8	99.3
GIFT AND INHERITANCE TAXES	1,040.1	1,353.1	130.1	1,137.8	118.9
TAXES ON REAL ESTATE SALES AND FINANCIAL PROPERTY	8,613.3	10,305.9	119.7	9,806.3	105.1
IN TOTAL	38,896.1	44,811.3	115.2	40,388.9	110.9

STRUCTURE OF TAXES ON PROPERTY



Taxes on immovable property had the largest share (74.0 percent) in the structure of taxes on property. There were 33,142.6 million tolar of payments, which is 13.4 percent more than it was planned and 12.6 percent more than the year before. Taxes on property include 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 2005 the share less than 0.1 percent in the structure of taxes on property. There were 9.7 million tolar of payments, which is 4.1 percent more than it was planned and 0.7 percent less than the year before. Taxes on movable property include both taxes from property (on possession of floating objects and on possession of motor vehicles).

Gift and inheritance tax had the share of 3.0 percent in the structure of taxes on property. There were 1,353.1 million tolar of payments, which is 30.1 percent more than it was planned and 18.9 percent more than the year before.

Taxes on real estate sales and on financial property had the share of 23.0 percent in the structure of taxes on property. There were 10,305.9 million tolar of payments, which is 19.7 percent more than it was planned and 5.1 percent more than the year before. Taxes on real estate sales and on financial property include real estate sales tax. This group included also special tax on bank debit, which as the only tax in this group of taxes represented a source of financing the state budget. According to the economic classification it belonged to taxes on real estate sales and on financial property. The Special Tax on Bank Debit Act is no longer in force. In 2006 on the basis of a decision of the Constitutional Court 11.3 million tolar of special tax on bank debit were refunded to taxpayers.

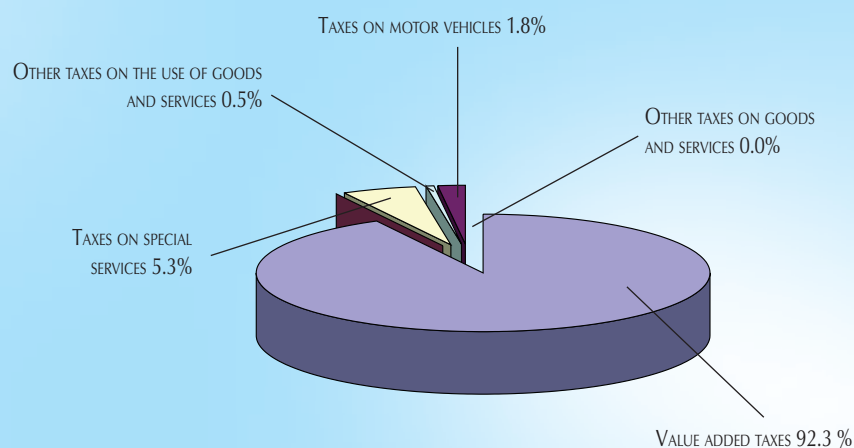
DOMESTIC TAXES ON GOODS AND SERVICES

In 2006 **domestic taxes on goods and services** had the share of 23.2 percent in the structure of tax revenues. Payments of domestic taxes on goods and services in 2006 reached the amount of 552,161.9 million tolar, which is the same as it was planned and 3.7 percent more than in the year before.

COLLECTED DOMESTIC TAXES ON GOODS AND SERVICES (IN SITM)

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
VALUE ADDED TAX	509,178.8	509,737.7	100.1	491,324.3	103.7
OTHER TAXES ON GOODS AND SERVICES	0	0.1	0	1.5	54.0
TAXES ON SPECIAL SERVICES	28,706.5	29,250.2	101.9	27,605.5	106.0
OTHER TAXES ON THE USE OF GOODS AND SERVICES	2,897.5	2,987.1	103.1	4,064.0	73.5
TAXES ON MOTOR VEHICLES	10,304.8	10,186.1	98.8	9,406.0	108.3
IN TOTAL	551,087.6	552,161.9	100.2	532,401.3	103.7

STRUCTURE OF DOMESTIC TAXES ON GOODS AND SERVICES



Value added tax after the settlement, which had the share of 92.3 percent in the structure of domestic taxes on goods and services, was in 2006 realised in the amount of 509,737.7 million tolar, which is the same as it was planned and 3.7 percent more than in the year before.

**COLLECTED VALUE ADDED TAX AFTER THE SETTLEMENT
(IN SITM)**

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
PAYMENTS	796,263.3	848,690.9	106.6	762,830.1	111,3
REFUNDS	287,084.5	338,953.2	118.1	271,505.7	124,8
NET VAT (PAYMENTS – REFUNDS)	509,178.8	509,737.7	100.1	491,324.3	103,7

At planning of value added tax after the settlement the planned growth of consumption, export and investment was taken into consideration, including the structure of claims for the refund of this tax. At the estimation the shortfall of revenues is also taken into consideration due to the change and supplementing of the Value Added Tax Act, which introduces the possibility of VAT settlement on the basis of received and executed payments for those taxable persons, where in the period of the last 12 months the taxable turnover has not exceeded 50 million tolars.

Payments of VAT from imported goods and services (The Customs Administration of the RS is competent for the collection of this tax.) also have to be taken into consideration in addition to VAT after the settlement for the complete information on VAT revenues in 2006.

**COLLECTED VALUE ADDED TAX – IN TOTAL
(IN MIO SIT)**

TYPE OF REVENUE	REALISATION 2006	REALISATION 2005	INDEX 06/05
1. PAYMENTS OF VAT ON IMPORTED GOODS AND SERVICES - COLLECTED BY THE CUSTOMS ADMINISTRATION OF THE RS*	141,173.6	121,695.4	116.0
2. VAT AFTER THE SETTLEMENT – COLLECTED BY THE TAX ADMINISTRATION (PAYMENTS – REFUNDS)	509,737.7	491,324.3	103.7
PAYMENTS OF VAT AFTER THE SETTLEMENT	848,690.9	762,830.1	111.3
REFUNDS OF VAT AFTER THE SETTLEMENT	338,953.2	271,505.7	124.8
3. VAT IN TOTAL (1. + 2.)	650,911.2	613,019.7	106.2

* SOURCE OF DATA: CUSTOMS ADMINISTRATION OF THE RS

Other taxes on goods and services, which include taxes on CO₂ emissions, were not planned for 2006 because in April 2005 the Decree on the 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 in the structure of domestic taxes on goods and services the share of 5.3 percent. There were 29,250.2 million tolars of payments, which is 1.9 percent more than it was planned and 6.0 percent more than in 2005. 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 the use of goods and services had the share of 0.5 percent in the structure of domestic taxes on goods and services. There were 2,987.1 million tolars of payments, which is 3.1 percent more than it was planned and 26.5 percent less than in 2005. Various municipal and state fees and charges belong among other taxes on the use of goods and services. In this group of taxes the competence for the majority of tasks in the field of fees, which flow into the state budget, was transferred from the Tax Administration to the Customs Administration of the RS.

Taxes on motor vehicles had in the structure of domestic taxes on goods and services the share of 1.8 percent. There were 10,186.1 million tolar of payments, which is 1.2 percent less than it was planned and 8.3 percent more than in the previous year. Revenues in connection with taxes on motor vehicles may also fluctuate considerably due to refunds of already paid tax, which taxpayers claim due to export of vehicles.

OTHER TAXES

In 2006 **other taxes** had a very low share in the structure of tax revenues. There were 593.3 million tolar of payments, which is 68.3 percent more than it was planned. The comparison with 2005 is not reasonable due to high repayments of interest for late payments, which were recorded in this group of revenues, which is the reason why the realisation of 2005 was stated as a negative one.

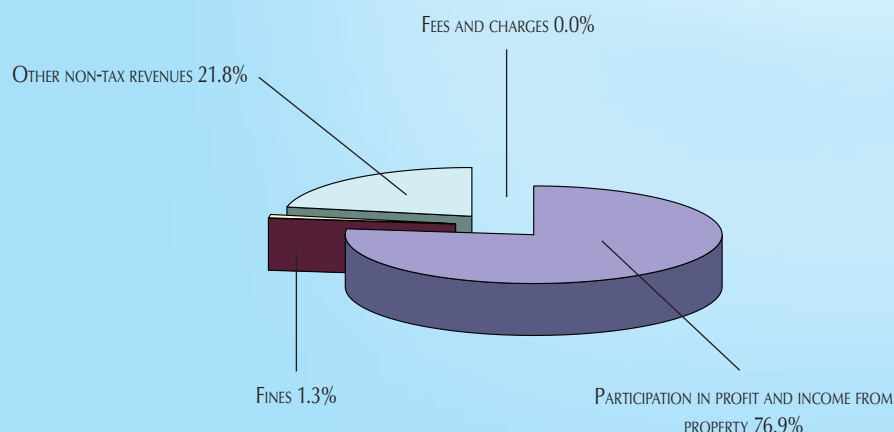
NON-TAX REVENUES

In 2006 non-tax revenues had a very low share (0.7 percent) in the structure of revenues, collected by the Tax Administration. In 2006 there were 16,844.6 million tolar of these revenues, which is 11.3 percent more than it was planned and 14.2 percent more than in the previous year.

COLLECTED NON-TAX REVENUES (IN SITM)

TYPE OF REVENUE	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
PARTICIPATION IN PROFIT AND INCOME FROM PROPERTY	11,380.3	12,953.1	113.8	11,078.4	116.9
FEES AND CHARGES	0.0	0.1	0	-0.1	-56.1
FINES	57.2	213.3	373.1	92.9	229.7
OTHER NON-TAX REVENUES	3,700.0	3,677.7	99.4	3,581.8	102.7
IN TOTAL	15,137.5	16,844.6	111.3	14,752.3	114.2

STRUCTURE OF PAYMENTS OF NON-TAX REVENUES, COLLECTED BY THE TAX ADMINISTRATION IN 2006



Participation in profit and income from property had the largest share (76.9 percent) in the structure of non-tax revenues in 2006. There were 12,953.1 million tolars of payments, which is 13.8 percent more than it was planned and 16.9 percent more 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 21.8 percent in non-tax revenues in 2006. There were 3,677.7 million tolars of payments, which is 0.6 percent less than it was planned and 2.7 percent more than in the year before. Other non-tax revenues include collection of costs for publishing of the deletion of companies with interest and other state revenues, special contributions for the reconstruction of the Posočje region, and various local self-imposed contributions.

TRANSFER REVENUES

In 2006 transfer revenues had the share of 3.5 percent in the structure of revenues, collected by the Tax Administration. There were 87,451.2 million tolars of payments, which is the same as it was planned and 1.2 percent less 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 government budgets and which are intended for payment of social security contributions for entitled persons defined in the legislation.

COLLECTED TRANSFER REVENUES (IN SITM)

TYPE OF REVENUE	ANNUAL PLAN	REALISATION	PERCENTAGE OF ANNUAL PLAN	REALISATION	INDEX
	2006	2006	REALISATION	2005	06/05
FUNDS RECEIVED FROM CONTRIBUTIONS FOR EMPLOYMENT	42.6	44.1	103.5	40.1	109.9
FUNDS RECEIVED FROM CONTRIBUTIONS FOR PARENTAL SECURITY	76.7	77.9	101.6	71.7	108.7
FUNDS RECEIVED FROM CONTRIBUTIONS FOR HEALTH INSURANCE	80,915.9	80,573.8	99.6	82,226.2	98.0
FUNDS RECEIVED FROM CONTRIBUTIONS FOR PENSION AND DISABILITY INSURANCE	6,431.9	6,755.4	105.0	6,147.6	109.9
IN TOTAL	87,467.1	87,451.2	100.0	88,485.6	98.8

Funds received from contributions for employment had the share of less than 0.1 percent in the structure of transfer revenues. There were 44.1 million tolars of payments, which is 3.5 percent more than it was planned and 9.9 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.

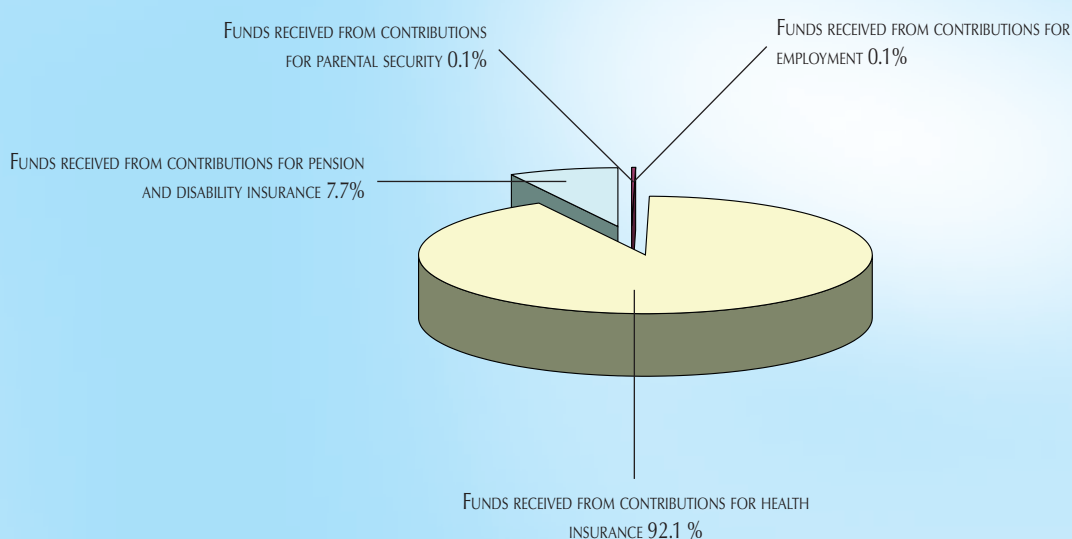
Funds received from contributions for parental security had the share of 0.1 percent in the structure of transfer revenues. There were 77.9 million tolars of payments, which is 1.6 percent more than it was planned and 8.7 percent more than in the year before. Funds received from contributions for parental 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 92.1 percent) in the structure of transfer revenues. There were 80,573.8 million tolar of payments, which is 0.4 percent less than it was planned and 2.0 percent less 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 the 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 ZZZS 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 7.7 percent in the structure of transfer revenues. There were 6,755.4 million tolar of payments, which is 5.0 percent more than it was planned and 9.9 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 ZZZS directly to entitled persons.

STRUCTURE OF TRANSFER REVENUES



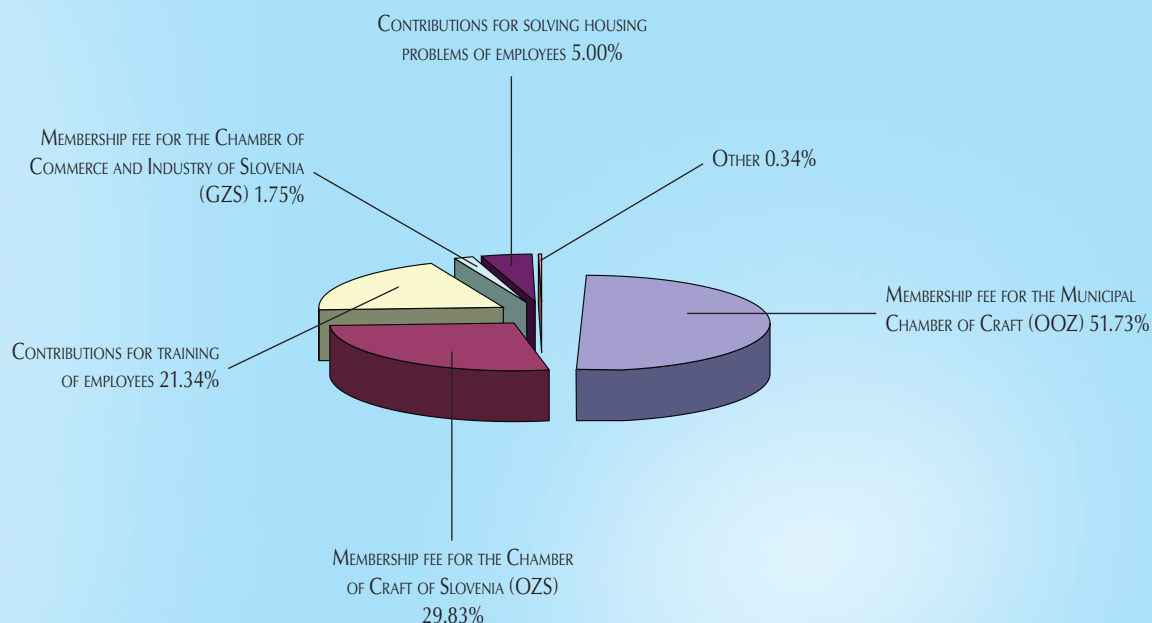
OTHER REVENUES

In 2006 **other revenues** had the share of 0.2 percent in the structure of all payments, collected by the Tax Administration. There were 4,931.4 million tolar of payments. This group includes various membership fees, contributions and fees, which are collected by the Tax Administration, but they are not included in the standard economic classification of government revenues.

COLLECTED OTHER REVENUES (IN SITM)

TYPE OF REVENUE	REALISATION 2006	REALISATION 2005	INDEX 06/05
MEMBERSHIP FEE FOR THE MUNICIPAL CHAMBER OF CRAFT (OOZ)	2,058.1	2,049.0	100.4
MEMBERSHIP FEE FOR THE CHAMBER OF CRAFT OF SLOVENIA (OZS)	1,471.2	1,465.9	100.4
CONTRIBUTIONS FOR TRAINING OF EMPLOYEES	1,052.2	1,025.3	102.6
MEMBERSHIP FEE FOR THE CHAMBER OF COMMERCE AND INDUSTRY OF SLOVENIA (GZS)	86.2	306.5	28.1
CONTRIBUTIONS FOR SOLVING HOUSING PROBLEMS OF EMPLOYEES	246.7	310.6	79.4
CONTRIBUTIONS FOR IMPLEMENTATION OF THE COLLECTIVE AGREEMENT	13.2	40.3	32.8
CONTRIBUTIONS FOR SOLVING HOUSING PROBLEMS OF CRAFTSMEN	1.6	7.1	23.1
SUPPLEMENTARY MEMBERSHIP CONTRIBUTION FOR THE CHAMBER OF CRAFT (OOZ)	1.8	6.9	26.0
OTHER	0.3	0.6	47.0
IN TOTAL	4,931.4	5,212.2	94.6

STRUCTURE OF OTHER REVENUES IN 2006



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

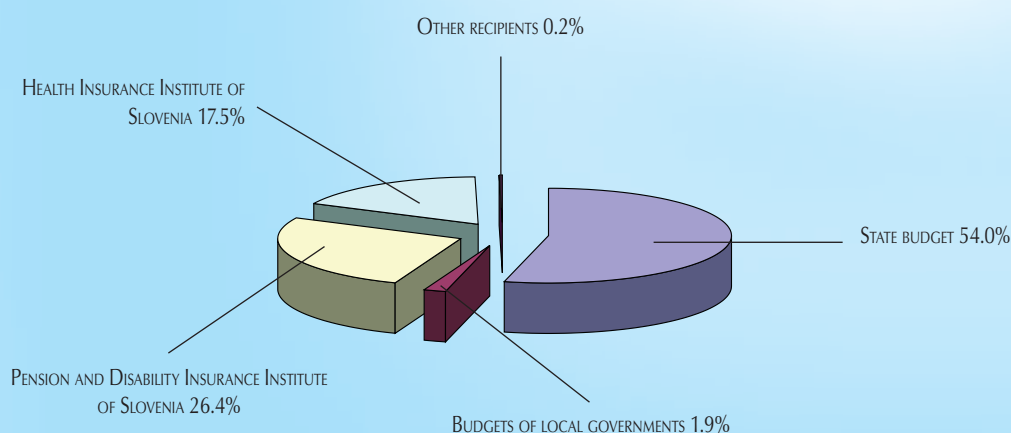
Payments of government revenues into the state budget with the whole personal income tax included in 2006 reached the amount of 1,343,897.9 million tolar, which is 7.8 percent more than it was planned and 10.8 percent more than in the year before. Revenues of local governments reached 47,060.8 million tolar, which is 16.0 percent more than it was planned and 13.0 percent more than in the previous year. The Pension and Disability Insurance Institute received 657,508.9 million tolar, which is 0.4 percent more than it was planned and 6.1 percent more than in the previous year. The Health Insurance Institute of Slovenia received 435,868.9 million tolar, which is 0.4 percent more than it was planned and 4.6 percent more than in the previous year. Other recipients received 4,931.4 million tolar, which is 5.4 percent less than in the year before.

REALISATION OF REVENUES, COLLECTED BY THE TAX ADMINISTRATION ACCORDING TO FUNDS RECIPIENTS (IN SITM)

FUNDS RECIPIENTS	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
STATE BUDGET*	1,246,630.3	1,343,897.9	107.8	1,212,552.5	110.8
BUDGETS OF LOCAL GOVERNMENTS*	40,584.0	47,060.8	116.0	41,637.0	113.0
PENSION AND DISABILITY INSURANCE INSTITUTE OF SLOVENIA	654,798.3	657,508.9	100.4	619,919.4	106.1
HEALTH INSURANCE INSTITUTE OF SLOVENIA	434,205.8	435,868.9	100.4	416,780.3	104.6
OTHER RECIPIENTS	0.0	4,931.4	-	5,212.2	94.6
IN TOTAL	2,376,218.4	2,489,267.9	104.8	2,296,101.4	108.4

*All concession duties from special games of chance are included into the state budget. In Tax Administration annual reports from previous years they were divided between the state budget and local governments' budgets in ratio 50 : 50.

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



PERFORMING THE TASKS OF THE TAX ADMINISTRATION

In 2006 the Tax Administration actively participated within its tasks in preparation of new tax regulations from the field of all types of taxes. It considered materials and provided proposals for clear and unambiguous legal provisions and checked proposals of taxpayers for certain simplifications and amendments to the tax legislation in force. It participated in the preparation of material acts, the Tax Procedure Act in the part, which deals with material legislation, and also the Tax Administration Act, the Companies Act in the part, which considers sole entrepreneurs, as well as the draft of the Risk Capital Companies Act. In addition the Tax Administration participated in preparation of majority of implementing regulations and returns for tax assessment or tax settlements as well as methodologies for their completing.

Sufficient programme support also had to follow the new tax legislation for accurate and efficient tax collection. In relation to the extent of changes of legal bases in an individual taxation field the Tax Administration intensively prepared substantive bases for information support for assessment of individual taxes as well as corresponding samples of decisions in the part, which refer to implementation of material legislation.

In addition to the new tax legislation the work of the Tax Administration was directed also into the preparation of professional bases and instructions for implementation of provisions of international treaties on avoidance of double taxation and other international regulations, which oblige our country. This field has become very important with consistent implementation of taxation of residents' incomes according to worldwide income and incomes of non-residents according to the source of income, at increase of the number of international treaties and globalisation of world economy, flow of capital and work beyond state borders into the European Union and outside it.

Permanent and current work of the previous year was directed into the professional support to tax offices and taxpayers and into preparation of circular mails and explanations, which the Tax Administration issued in the written form. There were more than two thousand of them. At preparation of more complex instructions the Tax Administration cooperated with representatives of expert public as well as with representatives of the line ministry. Employees of the Tax Administration submitted their knowledge also to colleagues with thematic trainings and participated in training of taxpayers at submission of control data.

Tax Administration's website is also a more and more important way of communication with the public. The Tax Administration ensured updated publishing of instructions and changes, important for accurate and timely implementation of tax regulations. A great deal of attention was focused also on questions from the media and questions, submitted through e-uprava portal (life events).

Also in this year within the Ministry of Finance the Tax Administration was included into the preparation of comments and proposals in connection with proposals of directives and regulations, which will change the existing Council Directive on VAT. In the field of value added tax as well as direct taxes, in which the national legislation is bound by Council Directives, the Tax Administration monitored decisions and explanations of judgments of the Court of Justice of the European Communities and it took them into consideration at explaining and implementing of tax regulations.

During the whole year special attention was dedicated to personal income tax, current assessment and assessment for the next year, in which the Tax Administration will send taxpayers pre-completed personal income tax returns for the first time. For realisation of this objective the Tax Administration prepared professional implementation. In addition it participated also in informing and promotion of this project within the Tax Administration as well as in the public in general for accurate preparation of data for personal income tax assessment. The Tax Administration established in this field the first knowledge base for the virtual tax assistant (VIDA), with the assistance of whom it would like to provide taxpayers with simple and fast access to information, which is important for taxation.

Tax Administration's employees were actively included into VEM project in the field of sole entrepreneurs as well as companies. Periodical tasks were represented also by activities at preparation of opinions and comments in connection with materials, which were sent by the European Commission (VAT); the Tax Administration prepared also replies to the Commission for the Prevention of Corruption in connection with questionnaires about adequacy of implementation of OECD Convention to combat bribery of public officials.

With professional support to employees at performing of their daily tasks at tax collection and with professional and timely informing of taxpayers the Tax Administration wanted to contribute as far as possible to the first objective of the Business Strategy for the period 2005-2008, i.e. maximum tax compliance.

TAX REGISTER AND TAX ACCOUNTANCY

TAX REGISTER

In 2006 the majority of planned tasks in the field of tax register was connected with daily monitoring of transfers from external sources into the tax register and from the tax register into tax records. Larger applicability of tax register data was provided in this way. The transfer of data about transaction accounts of individuals from the register of transaction accounts, which is managed by the Bank of Slovenia, into the tax register was reestablished.

The tax register was adjusted to changes of new legislation. The method was changed for keeping residence of individuals and in this way it was provided for entries of individuals, who have temporary residence in the Republic of Slovenia, out of official duty, on the basis of data from the Central Population Register.

Keeping data about family and residence was introduced; keeping data about individuals, who establish the tax base with taking norm expenditures into consideration, and the method of keeping foreign post offices were changed; keeping data about investments of individuals abroad was upgraded; data about places of establishment were added. The tax register was supplemented also by some minor changes, which enable a more simple keeping and maintenance of tax register data.

The tax register was supplemented with keeping and presentation of amounts in EUR.

The daily transfer of data about associations, institutions and political parties from the Business Register of Slovenia into the tax register was introduced. Transfers of data from the tax register into tax records were supplemented.

At the end of the year the territorial jurisdiction has been abolished in the tax register for entries of taxpayers, which means that taxpayers may be entered into the tax register at any tax office and not only at the competent tax office. All direct users of the state and local governments' budgets were entered into the tax register.

In 2006 training of tax register users was not conducted, but the most pressing problems were considered at trainings, organised for tax register users, who perform tasks at VEM entry points.

During the whole year tax offices entered taxpayers into the tax register, allocated them tax numbers and issued certificates about the entry into the tax register. In 2006 the extent of creditors' claims for tax numbers of debtors increased.

TAX ACCOUNTANCY

The Tax Administration manages accountancy records on tax obligations and payments of taxpayers in three large systems, i.e. for individuals and taxpayers, who perform business activities, for legal entities and separately for persons liable for value added tax; in addition it also manages the record Tax Administration of the Republic of Slovenia offence body (ISPO). Records provide appropriate and accurate tax management information, which supports Tax Administration's operations at achieving its objectives and provides reports to internal and external users in accordance with regulations.

A great deal of attention in 2006 was intended for recording of payments and clearing of wrong payments. Positive results are evident in the field of recording of payments and clearing of wrong payments in VAT field as well as at payments of legal entities at other taxes. The Tax Administration was included also in clearing of wrong payments to transitional subaccounts, so that it drew the attention of banks to errors and proposed supplements of programmes for automatic recording of payments. The account plan was at changes supplemented concurrently. The quality of the annual financial statement improved. In accordance with »the Protocol on procedures for the implementation of monthly harmonisation of records managed by the Tax Administration of the RS with the reports of the Public Payments Administration on paid and returned duties« it took a lot of effort in comparisons of the data from payment transactions (B-2 UJP report) with the recorded data in the tax accountancy.

Tax records are managed according to the system of unified accounts, prescribed by the account plan for recording of taxes and other obligatory duties, which is prescribed by the director-general. For increase of information value of data an extensive restructuring and checking of data about obligations of taxpayers recorded out of active records were performed, so that information according to individual users of funds may be provided directly from the accountancy. Balance of small amounts means large rationalisation because in this way approximately 500,000 accounts were arranged.

In 2006 the comprehensive accountancy report was prepared for the first time at the level of the Tax Administration after the annual financial statement for 2005 from all accountancy records: DP1, DP2, VAT and records Tax Administration of the RS offence body (ISPO). For execution of this task the accountancy report for VAT had to be prepared first on the same bases as for other taxes; this report was prepared for the first time for 2005 in February 2006.

New reports for reporting needs separate charges from previous years and charges of the current year. This means a more realistic reporting about annual turnover and state of the debt. A4 report is prepared according to accounts from the account plan. A1 report is prepared according to subaccounts of the government revenue (class 7) and it is sent to external users: Ministry of Finance, Health Insurance Institute of Slovenia and Pension and Disability Insurance Institute of Slovenia.

In March 2006 notices were issued for the first time about the state of claims and obligations for all taxpayers residents after the annual financial statement for 2005. This is the reason why clearing and harmonisation of accountancy records with taxpayers was an extensive task. The useful value and importance of accountancy information improved with the comprehensive report from all accountancy records at the level of the Tax Administration for internal and external users, which influenced the process of management of accountancy records in the direction of improving the quality of data.

In 2006 a task was executed, which was not planned: Scales programme was tested and supplemented and instructions for work were prepared, which assist tax offices at arrangement of DP1 accountancy record from the view of correct covering and settlement of interest for late payment for debts before 1/1/2005, at preparation of debt lists for needs of tax enforcement and write-off of debts from the accountancy record due to statute of limitations. Materials for training were prepared for training needs of 180 users of Scales from tax offices and training workshops were organised.

The changed account plan was prepared for recording of taxes and other obligatory duties. The task of unification of accountancy code tables in DP1 accountancy record is in the final phase; it will be concluded till the transition into the new accountancy year 2007.

In addition to VAT refunds the largest extent of refunds belongs to rebates of annual settlement of personal income tax; the transition was successfully conducted to the new modern payment instrument - direct charges, with this costs, which were charged by banks for performed services of payment transactions, were reduced significantly.

The extensive work from the field of tax accountancy was connected with the preparation of proposals for changes of regulations from the tax field and with the introduction of changes into the existing systems. The Tax Administration proposed changes of the Rules on subaccounts and the method of payment of obligatory duties and other government revenues mainly in connection with the changed legislation and reorganisation of tax offices.

The Tax Administration will continue the execution of accountancy tasks in accordance with the adopted procedures because the quality of accountancy data increases during the last years. Tax accountancy is the field in the Tax Administration, with which many taxpayers directly encounter and with which all external supervisors start dealing with first. Special attention shall be focused on important transactions, which directly influence information in our regular reports about value operations of the Tax Administration.

The long-term objective is establishing of central tax accountancy, but in the meantime it should be provided for operations of the existing system. Due to urgent changes of basic procedures, which are a consequence of requirements of new regulations and environment, operations of operational systems has become even more vulnerable. This is the reason why all responsible for execution of accountancy function and management shall increase control and provide conditions for execution of tasks.

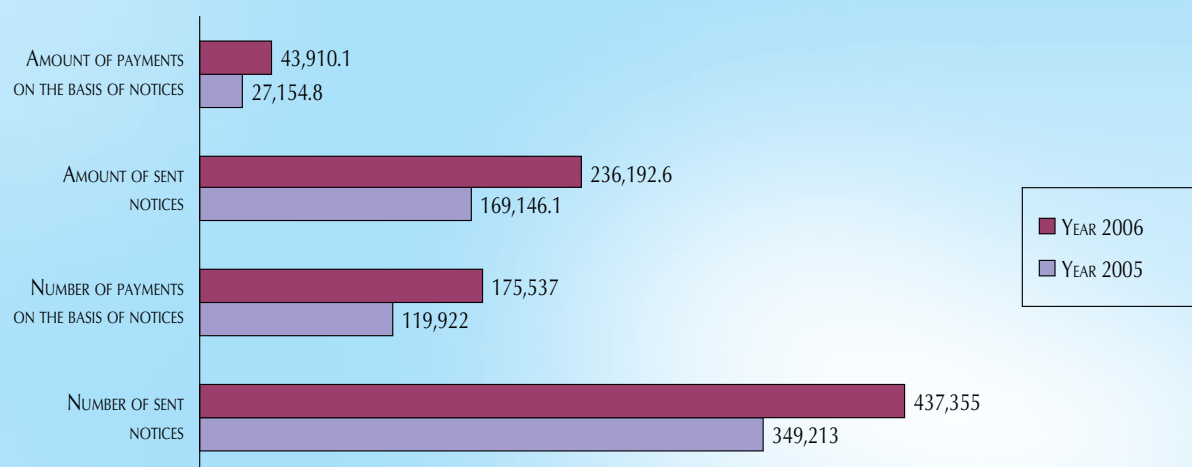
TAX ENFORCEMENT

In 2006 the Tax Administration with various measures and activities in tax enforcement procedures forcibly collected 96,540.9 million tolar and exceeded the planned realisation for 37.8 percent. In comparison with 2005 the share of forcibly collected debt was 38.3 percent higher. According to received notices debtors paid 43,910.1 million tolar of debt or 62.5 percent more than it was planned and 61.7 percent more than in the year before. On the basis of telephone calls debtors paid 11,140.9 million tolar of debt, which is 81.5 percent more than it was planned and 45.9 percent more than in the year before. Payments on the basis of issued tax enforcement orders were realised in the amount of 41,489.9 million tolar, which is 12.5 percent more than it was planned for 2006 and 18.4 percent more than in 2005.

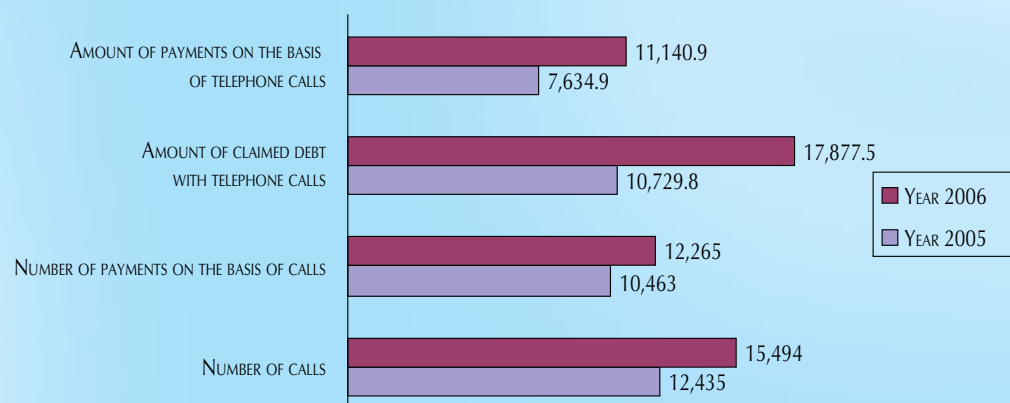
PAYMENTS OF DEBT ON THE BASIS OF NOTICES ON NON-PAID TAX AND TELEPHONE CALLS (IN SITM)

	ANNUAL PLAN 2006	REALISATION IN 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION IN 2005	INDEX 06/05
NOTICES ON NON-PAID TAX	27,029.6	43,910.1	162.5	27,154.8	161.7
TELEPHONE CALLS	6,137.2	11,140.9	181.5	7,634.9	145.9

NUMBER AND AMOUNT OF SENT NOTICES AND NUMBER AND AMOUNT OF PAYMENTS ON THE BASIS OF SENT NOTICES (IN SITM)



NUMBER AND AMOUNT OF TELEPHONE CALLS AND NUMBER AND AMOUNT OF PAYMENTS ON THE BASIS OF TELEPHONE CALLS (IN SITM)



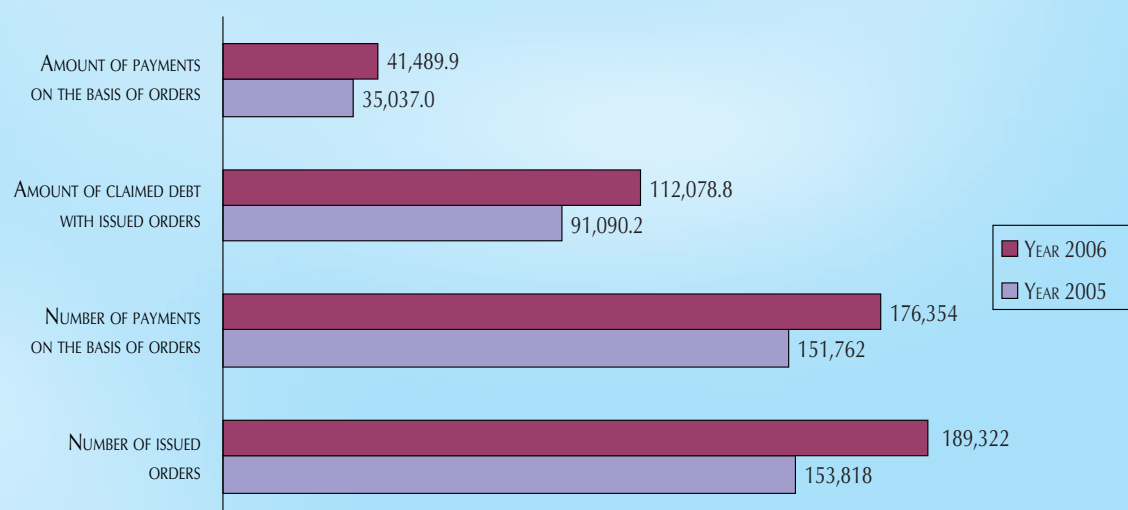
If the debtor after the received notice or telephone call has failed to pay tax due, the tax authority starts the enforcement with issuing of the tax enforcement order. The tax authority issues an order on funds, which the debtor has at banks and savings banks, on claims of the debtor, on pecuniary allowances and movable property (securities also).

In 2006 the tax authority issued 189,322 tax enforcement orders for the debt in the amount 112,078.8 million tolars. Payments on the basis of issued tax enforcement orders were realised in the amount of 41,489.9 million tolars, which is 12.5 percent more than it was planned for 2006 and 18.4 percent more than in 2005.

**FORCIBLY COLLECTED DEBT IN TAX ENFORCEMENT PROCEDURES
(IN SITM)**

	ANNUAL PLAN 2006	REALISATION IN 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION IN 2005	INDEX 06/05
TAX ENFORCEMENT ORDERS	36,887.4	41,489.9	112.5	35,037.0	118.4

**NUMBER AND AMOUNT OF ISSUED TAX ENFORCEMENT ORDERS AND NUMBER AND AMOUNT OF PAYMENTS ON THE BASIS OF ORDERS
(IN SITM)**

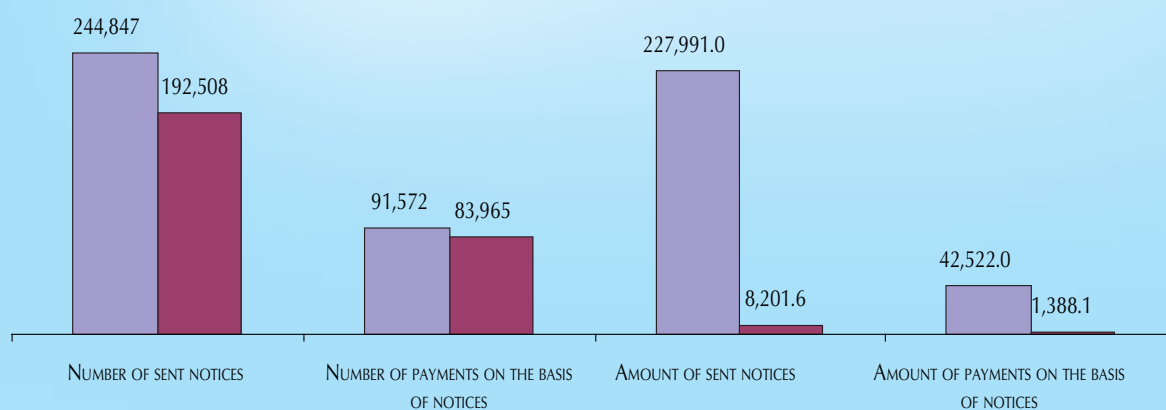


In 2006 the Tax Administration received 239,653 foreign claims for forcible collection of non-tax obligations, which is 52.7 percent more than it was planned and 53.2 percent more than in 2005, in the amount of 7,473.4 million tolars.

Out of total number of notices about the non-paid tax 244,847 notices were sent in the amount of 227,991.0 million tolars to debtors, who have non-paid taxes, and 192,508 notices in the amount of 8,201.6 million tolars to debtors, who have non-paid other pecuniary non-tax obligations (foreign claims). Debtors, who had non-paid taxes, paid 42,522.0 million tolars, and debtors, who had non-paid other pecuniary non-tax obligations (foreign claims), paid 1,388.1 million tolars of debt.

**NUMBER OF NOTICES SENT AND PAYMENTS
ON THE BASIS OF NOTICES**

**AMOUNT OF NOTICES SENT AND PAYMENTS
ON THE BASIS OF NOTICES (SITM)**



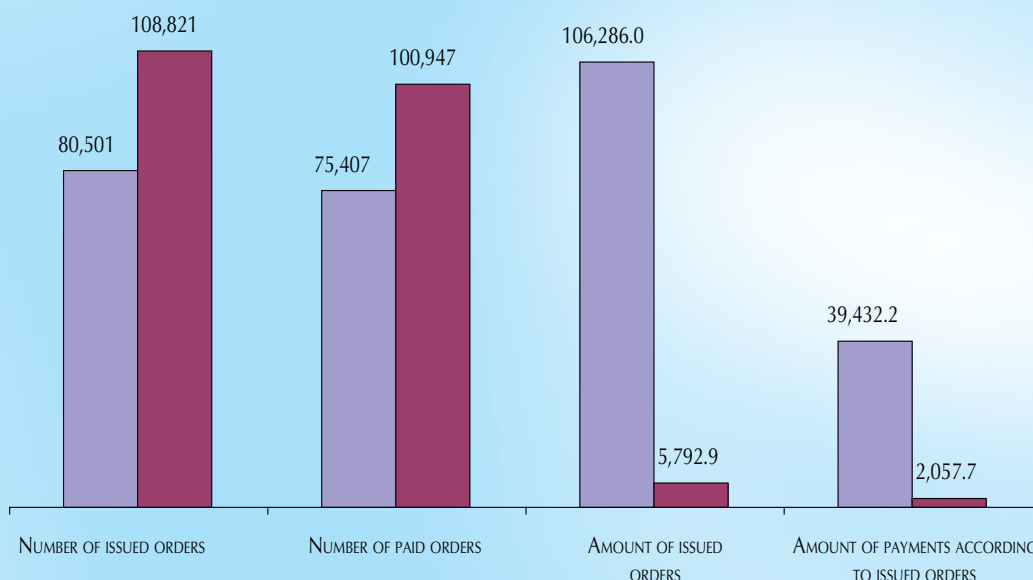
■ OBLIGATIONS, WHICH ARE ASSESSED, COLLECTED AND FORCIBLY COLLECTED BY THE TAX ADMINISTRATION

■ OBLIGATIONS, WHICH ARE ONLY FORCIBLY COLLECTED BY THE TAX ADMINISTRATION

Out of the total number of issued orders the Tax Administration issued 80,501 orders for non-paid taxes, which are assessed and forcibly collected by the Tax Administration, for the debt in the amount of 106,286.0 million tolar and for other pecuniary non-tax obligations (foreign claims) 108,821 orders in the amount of 5,792.9 million tolar. Debtors, who had non-paid taxes, paid the debt in the amount of 39,432.2 million tolar, and debtors, who had non-paid other pecuniary non-tax obligations (foreign claims), paid 2,057.7 million tolar of debt.

NUMBER OF ISSUED AND PAID ORDERS

AMOUNT OF ISSUED AND PAID ORDERS (SITM)



■ OBLIGATIONS, WHICH ARE ASSESSED, COLLECTED AND FORCIBLY COLLECTED BY THE TAX ADMINISTRATION

■ OBLIGATIONS, WHICH ARE ONLY FORCIBLY COLLECTED BY THE TAX ADMINISTRATION

The relation between notices sent and payments on the basis of notices and issued orders and forcibly collected amounts also in 2006 shows unsuitable burden on the Tax Administration in the field of allocation of tasks for forcible collection of liabilities of other state administrations and organisations.

In 2006 the Tax Administration issued 32.6 percent of all tax enforcement orders for the debt in connection with social security contributions in the amount of 36,543.3 million tolar, 33.7 percent for the debt in connection with domestic taxes on goods and services in the amount of 37,733.2 million tolar, 20.9 percent for the debt in connection with taxes on income and profit in the amount of 23,441.6 million tolar, 5.2 percent for the debt in connection with liabilities, which are only forcibly collected by the Tax Administration, in the amount of 5,792.9 million tolar and 7.6 percent of tax enforcement orders for the debt in connection with all other taxes in the amount of 8,567.8 million tolar.

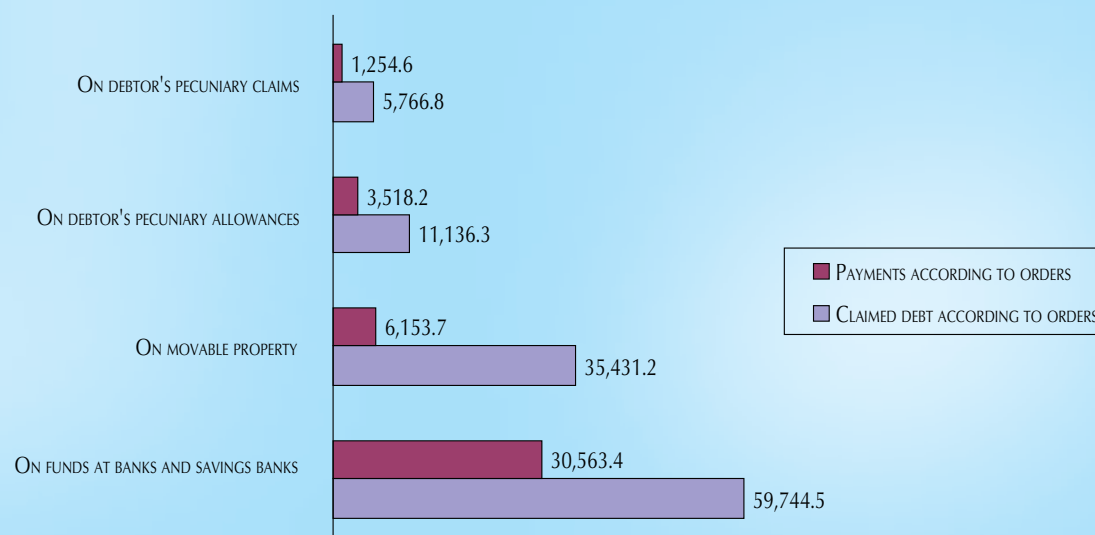
TAX ENFORCEMENT PERFORMANCE ACCORDING TO TYPES OF OBLIGATIONS IN 2006 (IN SITM)

TYPES OF LIABILITIES	AMOUNT OF ISSUED TAX ENFORCEMENT ORDERS	STRUCTURE IN %	AMOUNT OF FORCIBLY COLLECTED DEBT	STRUCTURE IN %	PERCENTAGE OF FORCIBLY COLLECTED DEBT
SOCIAL SECURITY CONTRIBUTIONS	36,543.3	32.6	13,039.6	31.4	35.7
DOMESTIC TAXES ON GOODS AND SERVICES	37,733.2	33.7	15,749.2	38.0	41.7
TAXES ON INCOME AND PROFIT	23,441.6	20.9	7,927.4	19.1	33.8
OBLIGATIONS, WHICH ARE ONLY FORCIBLY COLLECTED BY THE TAX ADMINISTRATION	5,792.9	5.2	2,057.7	5.0	35.5
OTHER TAXES	8,567.8	7.6	2,716.0	6.5	31.7
IN TOTAL	112,078.8	100.0	41,489.9	100.0	37.0

On the basis of issued tax enforcement orders domestic taxes on goods and services had the largest share of debt payments in the amount of 15,749.2 million tolar or 38.0 percent of all payments, then there are payments of social security contributions in the amount of 13,039.6 million tolar or 31.4 percent of all payments, then there are payments of taxes on income and profit in the amount of 7,927.4 million tolar or 19.1 percent of all payments and then there are payments of obligations, which are only forcibly collected by the Tax Administration, in the amount of 2,057.7 million tolar or 5.0 percent of all payments and payments of other taxes in the total amount of 2,716.0 million tolar or 6.5 percent of all payments.

According to the Tax Procedure Act the Tax Administration conducts tax enforcement with issuing of the order on funds, which the debtor has at banks and savings banks, on debtor's claims and funds from property and material rights, on debtor's pecuniary allowances and debtor's pecuniary claims.

AMOUNTS OF ISSUED AND PAID ORDERS ACCORDING TO THE ENFORCEMENT METHOD (IN SITM)



The highest percentage of payments belonged to forcible collection from funds on the accounts at banks and savings banks (51.2 percent). Then there was forcible collection from pecuniary allowances of debtors (31.6 percent), from debtors' pecuniary claims (21.8 percent) and from movable property (17.4 percent).

In 2006 the Tax Administration executed 3,695 cases of confiscation of movable property in the estimated value of 4,128.3 million tolar in procedures of forcible collection of debt from movable property. The largest share belonged to the confiscation of cash, i.e. 1,948 cases or 52.7 percent of all confiscation cases. There were 981 cases or 26.5 percent of motor vehicle confiscation, 321 cases of confiscation of securities or 8.7 percent, 314 cases of confiscation of assets or 8.5 percent, 69 cases of confiscation of merchandise or 1.9 percent, and 62 cases of confiscation of other movable property or 1.7 percent.

In the tax enforcement procedure from movable property debtors paid 3,082.7 million tolar of debt. 407.8 million tolar of confiscated movable property was sold. Immediately before the execution of confiscation or the sale of confiscated items the debt was paid in 2,069 cases in the amount of 2,674.9 million tolar.

The Tax Administration attempted to sell the confiscated items 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.

599 sales of movable property were conducted with commission sale. The debtor him/herself sold movable property in 310 cases. The Tax Administration called 156 public auctions for the sale of confiscated items. Only 33 auctions were successful. Public auctions are frequently unsuccessful due to low attendance because the problem is mainly in informing highest possible number of interested persons about the called public auction and in this way providing the sufficient number of participants, which is one of conditions for a successful public auction.

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, 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 2006 only three sales with a direct contract were concluded.

For debt insurance the Tax Administration may through the Office of the State Attorney General propose to the court entries of lien on immovable property or share of partners and in some cases enforcement on immovable property. Entries of lien on debtor's immovable property were executed at 405 debtors in the total amount of 2,771.0 million tolar of debt. The Tax Administration requested enforcement on immovable property of debtors, who owed 2,682.7 million tolar, in 356 cases. Courts, which execute the enforcement from immovable property, sold immovable property in 150 cases; with the achieved purchase price the debt was paid in the amount of 233.2 million tolar.

In 2006 the Tax Administration proposed the introduction of bankruptcy procedure in 105 cases against insolvent debtors, who owed 1,475.0 million tolar. Courts concluded bankruptcy procedures in seven cases. The tax debt was paid in the amount of 15.3 million tolar.

TAX SUPERVISION

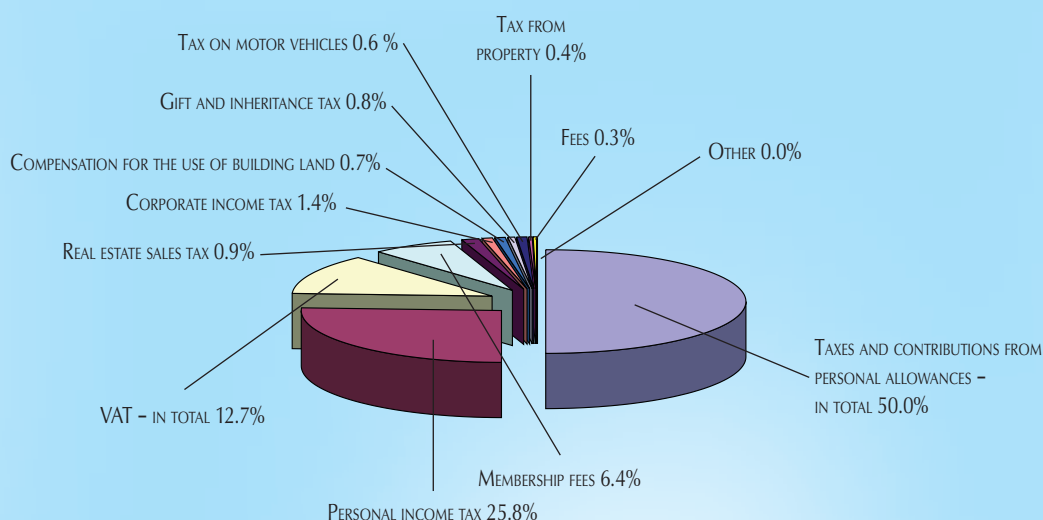
CONTROL

The Tax Administration controls concurrently the accuracy and punctuality of filing tax returns and settlements, charging and paying taxes on the basis of forms and other prescribed data. The Tax Administration also takes measures when irregularities are discovered.

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
1. NUMBER OF INPUT DOCUMENTS	5,455,994	5,866,968	107.5	5,248,476	111.8
2. NUMBER OF OUTPUT DOCUMENTS	2,798,771	2,922,296	104.4	2,753,149	106.1
3. ALL DOCUMENTS IN TOTAL (1. + 2.)	8,254,765	8,789,264	106.5	8,001,625	109.8
4. NUMBER OF CASES WITH DISCOVERED IRREGULARITIES	0	156,890	0.0	223,713	70.1
5. EFFECT – ADDITIONALLY ASSESSED TAX (IN SITM)	9,518.1	10,847.0	114.0	12,596.9	86.1

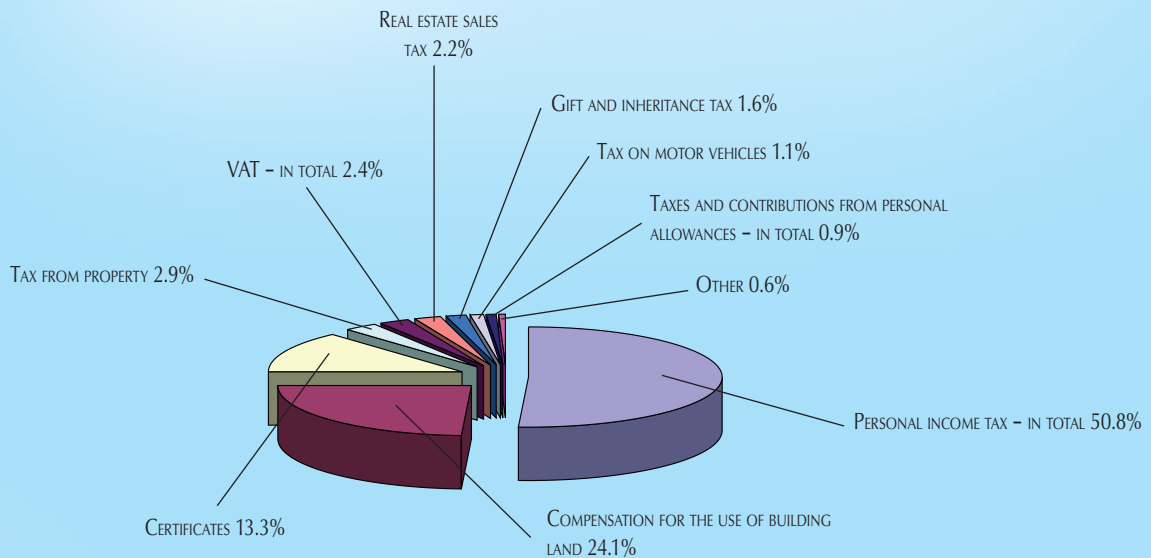
In 2006 controllers received 5,866,968 tax returns, settlements and other forms, which is 7.5 percent more than it was planned for 2006 and 11.8 percent more than in 2005. The increase of input documents is connected with submitted separated settlements for OZS. In 2006 377,267 OZS settlements were submitted.

STRUCTURE OF INPUT DOCUMENTS



The Tax Administration issued 2,922,296 decisions and other documents to taxpayers, which is 4.4 percent more than it was planned for 2006 and 6.1 percent more than in 2005.

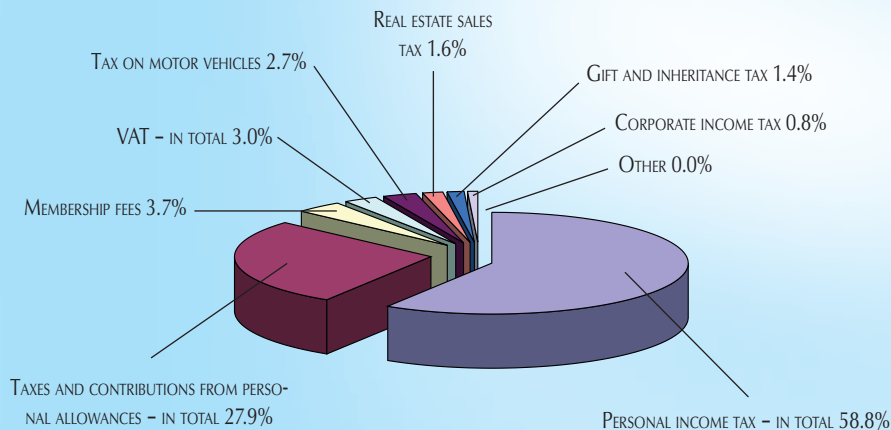
STRUCTURE OF OUTPUT DOCUMENTS



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

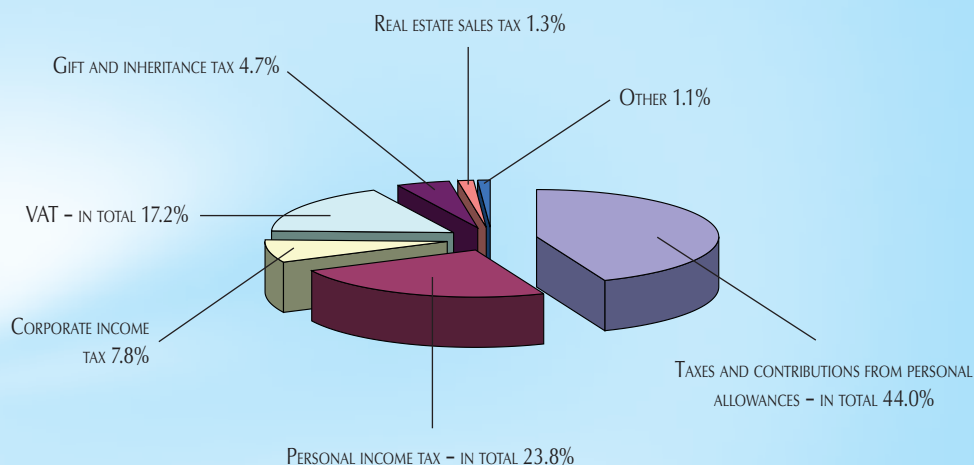
In 2006 irregularities, which influenced the increase or decrease of tax liabilities, were discovered in 156,890 cases. The number of cases with discovered irregularities was 29.9 percent lower than in the year before.

STRUCTURE OF DISCOVERED IRREGULARITIES



On the basis of control findings the Tax Administration in 2006 assessed 11,533.4 million tolars of additional tax and 684.4 of reduced tax and in this way it collected 10,847.0 million tolars more tax as it was declared by taxpayers, which is 14.0 percent more than it was planned and 13.9 percent less than in the year before.

STRUCTURE OF CONTROL EFFECTS – ADDITIONALLY ASSESSED TAX



CONTROL ACCORDING TO TAX TYPES

TAXES AND CONTRIBUTIONS FROM PERSONAL ALLOWANCES – IN TOTAL

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	2,915,403	2,931,722	100.6	2,918,877	100.4
OUTPUT DOCUMENTS	30,289	26,668	88.0	25,204	105.8
NUMBER OF DISCOVERED IRREGULARITIES	0	43,825	0.0	43,238	101.4
EFFECT – TAX IN SITM	3,515.1	4,774.3	135.8	4,190.5	113.9

The control of taxes and contributions from personal allowances, which includes entering, processing and control of REK forms, forms for tax on salaries paid – legal entities, payrolls, Form 1 Z, settlements of sole entrepreneurs and other individuals who don't pay salaries, and reports on incomes, paid to non-residents, who are included into the settlement of withholding tax, was in 2006 the most extensive one because 2,931,722 documents were submitted and processed from this field, which is 50.0 percent of all input documents (75,518 documents out of this number or 2.6 percent via eDavki). The number of input documents in the field of taxes and contributions from personal allowances was in 2006 for 0.4 percent higher than in the year before.

The Tax Administration issued 26,668 output documents (26,556 decisions and 112 orders). The number of output documents was in 2006 for 5.8 percent higher than in the year before. The increased number of output documents is a consequence of issued 3,648 decisions and orders on applications for reduction or exemption from payment of withholding tax and applications for refunds of overpaid tax.

At the control of settlements of withholding tax and social security contributions irregularities were discovered in 43,825 cases or in 27.9 percent of all cases of discovered irregularities in 2006. The number of cases with discovered irregularities in this field increased for 1.4 percent.

The amount of estimated additional liabilities reached 4,774.3 million tolar, which is 44.0 percent of all estimated additional liabilities. In comparison with the year before the estimated additional tax increased for 13.9 percent.

On the basis of data about payments of salaries and other personal allowances it was discovered in 21,942 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, REK forms, to submit settlements and pay obligations. In 9,138 cases of discovered irregularities the incorrect tax rate was used or incorrect base for tax calculation.

THE TOTAL NUMBER OF INPUT AND OUTPUT DOCUMENTS, NUMBER OF DISCOVERED IRREGULARITIES AND EFFECT – TAX ACCORDING TO INDIVIDUAL SETTLEMENT TYPES

	NUMBER OF INPUT DOCUMENTS – IN TOTAL			NUMBER OF OUTPUT DOCUMENTS – IN TOTAL			NUMBER OF CASES WITH DISCOVERED IRREGULARITIES			EFFECT INCREASE – DECREASE OF TAX (IN SITM)		
	YEAR	INDEX	06/05	YEAR	INDEX	06/05	YEAR	INDEX	06/05	YEAR	INDEX	06/05
	2006	2005		2006	2005		2006	2005		2006	2005	
REK FORMS	836,506	817,134	102.4	538	274	196.4	6,093	5,701	106.9	2,127.9	1,672.5	127.2
TAX ON SALARIES PAID – LEGAL ENTITIES	419,283	415,355	100.9	34	10	340.0	1,985	1,567	126.7	62.8	65.5	95.8
PAYROLLS	805,695	816,134	98.7	35	12	291.7	8,433	11,167	75.5	992.3	1,017.0	97.6
FORM 1-Z	216,691	216,747	100.0	0	1		0	0		0	0	0
SETTLEMENT OF SOLE ENTREPRENEURS AND OTHER INDIVIDUALS, WHO DON'T PAY SALARIES	642,901	653,507	98.4	22,413	24,907	90.0	27,314	24,803	110.1	1,591.3	1,435.4	110.9
REPORT ON INCOMES, PAID TO NON-RESIDENTS, WHO ARE INCLUDED INTO THE WITHHOLDING TAX SETTLEMENT	10,646	0	-	0	0	-	0	0	-	0.0	0.0	-
APPLICATIONS FOR REDUCTION, EXEMPTION AND REFUND OF WITHHOLDING TAX	0	0	-	3,648	0	-	0	0	-	0.0	0.0	-
TAXES AND CONTRIBUTIONS FROM INCOMES OF INDIVIDUALS – IN TOTAL	2,931,722	2,918,877	100.4	26,668	25,204	105.8	43,825	43,238	101.4	4,774.3	4,190.5	113.9

Due to the change of legislation in connection with self-taxation of persons liable for tax from business activities and with this also defining of insurance bases by taxpayers, it was possible to enter the data from settlements of sole entrepreneurs and other individuals, who don't pay salaries from March onwards, only at the end of May.

CORPORATE INCOME TAX

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	66,017	66,667	101.0	63,756	104.6
OUTPUT DOCUMENTS	369	562	152.3	482	116.6
NUMBER OF DISCOVERED IRREGULARITIES	0	1,145	0.0	1,526	75.0
EFFECT – TAX IN SITM	602.5	829.3	137.6	1,082.9	76.6

At the control of corporate income tax in 2006 66,667 input documents were submitted, which is 1.0 percent more than it was planned and for 4.6 percent more than in 2005. 562 output documents were issued to taxpayers, which is 52.3 percent more than it was planned and 16.6 percent more than in the year before. Out of total number of 562 output documents there were 499 decisions and 63 orders issued.

Irregularities were discovered in 1,145 cases, which is 25.0 percent less than in 2005. The largest share of irregularities (548) was discovered in connection with settling of advance payments, in 313 cases in connection with increase or decrease of the tax base, tax relief and covering of loss from previous years, in 201 cases incomes or expenditures were not correctly stated, in 50 cases tax base assessment was conducted due to non-submitted tax settlements, in 24 cases irregularities were discovered in connection with taxation in the group.

While performing control there were 829.3 million toltars of established additional tax, which is 37.6 percent more than it was planned and 25.0 percent less than in 2005.

SUBMITTED SETTLEMENTS FOR CORPORATE INCOME TAX (DDPO)

	FOR 2005	FOR 2004	INDEX 05/04
SUBMITTED SETTLEMENTS – IN TOTAL	64,141	62,390	102.8
SUBMITTED SETTLEMENTS FOR PERFORMING BUSINESS ACTIVITIES IN THE ECONOMIC ZONE	2	1	200.0
SUBMITTED JOINT SETTLEMENTS	13	23	56.5

Persons liable for corporate income tax submitted 64,141 settlements for 2005, which is 2.8 percent more than for 2004. Two settlements were submitted for performing business activities in the economic zone for 2005. 13 taxpayers submitted the joint settlement.

Due to the change of legislation and implementing regulations taxpayers for 2005 submitted settlements on three different forms. The last change of the form was published on February 21, 2006. In relation to the fact that for 2005 a completely new form was published, which differed considerably from the form for the previous year, and that all taxpayers were obliged to submit the settlement, controllers responded to many questions from taxpayers. Many taxpayers submitted insufficiently completed settlements or they failed to submit settlements, which is valid mainly for associations and unions. Due to the late publishing of the form IT specialists failed to provide programme support in time for reception and entry of settlements. Controls prepared and incorporated in a hurry were not on the level of controls from the previous year. The programme for recording of advance payments was late. Controllers didn't get accurate lists of taxpayers, who failed to submit settlements, from DP2 programme environment. This is the reason why there were problems at calling of taxpayers for submission and sanctions. Controllers had additional work with the programme, incorporated in eDavki system, which had no incorporated appropriate controls, so some taxpayers had to be called to submit the data again in the electronic form or controllers had to enter the data into the programme by themselves.

WITHHOLDING TAXES – ODO FORMS

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	12,912	15,183	117.6	0	0.0
OUTPUT DOCUMENTS	0	0	0.0	0	0.0
NUMBER OF DISCOVERED IRREGULARITIES	0	57	0.0	0	0.0
EFFECT – TAX IN SITM	1.6	20.7	1,315.7	0.0	0.0

In 2006 15,183 withholding tax settlements – ODO forms were submitted which is 17.6 percent more than it was planned. The incorrect tax rate was used in 57 cases of discovered irregularities. The estimated additional liabilities in 2006 reached 20.7 million tolar.

PERSONAL INCOME TAX

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	1,325,362	1,381,688	104.2	1,242,822	111.2
OUTPUT DOCUMENTS	1,242,803	1,297,719	104.4	1,178,392	110.1
NUMBER OF DISCOVERED IRREGULARITIES	0	88,104	0.0	149,210	59.0
EFFECT – TAX IN SITM	1,734.1	2,170.3	125.2	1,871.9	115.9

Control of personal income tax, which includes entering, processing and control of submitted tax returns for assessment of personal income tax and control data and issuing of decisions about assessment of personal income tax, was, as regards the quantity of input documents, on the second place also in 2006 because there were 1,381,688 input documents, which is 23.6 percent of all or 11.2 percent more than in 2005 (out of this number there were 1,280,318 tax returns for assessment of personal income tax for 2005 and 101,370 forms with control data). Via eDavki 36,047 tax returns for assessment of personal income tax for 2005 were submitted, which is 2.8 percent of all and 5,352 control data for assessment of personal income tax.

In 2006 1,297,719 documents from the field of personal income tax were issued, which is 10.1 percent more than in 2005 (1,297,144 decisions and 575 orders).

While performing control of personal income tax returns in 2006, irregularities were discovered in 88,104 cases, which is 41.0 percent less than in the year before. The most frequent irregularities were: false gross incomes of taxpayers in their tax returns (67,370), incorrect enforcement of special tax relief for dependants (6,365), false advance tax payments in tax returns (6,814), unduly enforced actual costs of taxpayers (3,835), incorrect enforcement of relief for paid premiums of additional voluntary pension insurance (2,870) and incorrect enforcement of actual costs (990).

On the basis of control findings tax liabilities in 2006 were increased for 2,170.3 million tolar, which is 15.9 percent more than in the year before. Due to the complexity of declaratory procedures decisions to some taxpayers were issued after the legally prescribed time limit.

	FOR 2005	STRUCTURE IN %	FOR 2004	STRUCTURE IN %	INDEX 05/04
NUMBER OF FILED RETURNS	1,277,559		1,167,321		109.4
NUMBER OF ISSUED DECISIONS	1,272,060	100.0	1,167,926	100.0	108.9
NUMBER OF DECISIONS WITH ADDITIONAL PAYMENTS	350,449	27.5	167,048	14.3	209.8
NUMBER OF DECISIONS WITH REBATES	856,405	67.3	776,712	66.5	110.3
NUMBER OF DECISIONS WITHOUT ADDITIONAL PAYMENTS OR REBATES	65,206	5.1	224,166	19.2	29.1

Taxpayers filed 1,277,559 tax returns for 2005, which is 9.4 percent more than for 2004. 1,272,060 decisions were issued for assessment of personal income tax for 2005 (out of this number there were 350,449 decisions (27.5 percent) with additional payments, 856,405 (67.3 percent) decisions with rebates and 65,206 (5.1 percent) decisions without additional payments or rebates. The structure of issued decisions in comparison with the year before changed; the share of decisions with additional payments doubled, the share of decisions with rebates slightly increased and the share of decisions without additional payments or rebates reduced considerably.

The form for assessment of personal income tax for 2005 increased considerably in comparison with the form for previous years. Controllers placed special attention to informing of taxpayers.

There are several reasons for a lower number of discovered irregularities: (1) the quality of control data for assessment of personal income tax, which were submitted by payers, was considerably worse than in the previous year; (2) persons liable for personal income tax incorrectly completed personal income tax returns on the new form; (3) IT specialists failed to provide the programme support in time for comparison of control data with REK forms and programmes for preparation of various prints for needs of control of personal income tax returns.

Despite the above-mentioned problems with the programme support and consequently hindered control, which reflects in a significantly lower number of discovered irregularities, the amount of additionally assessed tax increased for 15.9 percent in comparison with the year before. The increase is a consequence of reopening of the procedure for personal income tax assessment for 2001 and 2002 on the basis of findings from tax audit supervision at the payer.

Similarly as in previous years tax offices also in 2006 conducted a double entry of personal income tax returns or verification. The programme enabled the selection of verification of individual set of data from the personal income tax return. The extent of conduct of verification of data from tax return forms was stated by each tax office/branch office in relation to previous findings and experiences (number and structure of input providers and quality, reliability at work, number of returns, number of appeals due to errors at input in the past, etc.).

At the conduct of assessment at the external provider some programme errors occurred, which resulted in wrong assessment. Some errors were eliminated in the procedure of issuing a replacement decision in a case of taxpayer's appeal; the error, which occurred at Grosuplje Branch Office, was eliminated out of official duty. It was not possible to eliminate other errors due to adjustment of the programme support to euro and preparations for execution of assessment of personal income tax for 2006 till the end of 2006.

CONTROL DATA FOR ASSESSMENT OF PERSONAL INCOME TAX

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	92,465	101,370	109.6	78,949	128.4
OUTPUT DOCUMENTS	0	0	0.0	1	0.0
NUMBER OF DISCOVERED IRREGULARITIES	0	0	0.0	0	0.0
EFFECT – TAX IN SITM	0.0	0.0	0.0	0.0	0.0

The Tax Administration received 101,370 control data for assessment of personal income tax for 2005, which is 28.4 percent more than for 2004. 5,352 data or 5.3 percent of all out of this number were submitted via eDavki system.

The quality of control data for assessment of personal income tax for 2005 was poor. The Rules with instructions for preparation of control data for assessment of personal income tax for 2005 was published only at the end of 2005, although taxable persons – payers should have had appropriate instructions already at the beginning of the year, when appropriate records are set. The number of taxpayers, who submitted control data in a paper form, was larger than in previous years. The number of taxpayers, who submitted incorrect control data, was larger than in the previous year. This is the reason why subsequent harmonisation and corrections were necessary.

The programme for manual entry of control data was available to tax offices only on 15/2/2006. Programmes for processing of other sources were available even later. The programme for preparation and submission of control data from payrolls for persons employed at taxable persons, who perform business activities, was prepared at the end of April; the programme for reception and processing of control data from electronic media was prepared the first week of May 2006.

The programme for comparison of data from KREK record (data from REK forms) with control data was prepared too late. Till 30/6/2006 controllers failed to harmonize all received control data with taxable persons payers; it was not possible to issue personal income tax decisions for 2005 to recipients of incomes of these payers till the harmonisation.

PERSONAL INCOME TAX ADVANCE PAYMENT

Personal income tax advance payments in 2006 include advance payments of personal income tax from incomes from employment and other incomes, advance payments of personal income tax from incomes from business activities, applications of advance payments of personal income tax from incomes from business activities, advance payments from incomes from property, personal income tax from profit from capital, advance payments of personal income tax from incomes from basic agricultural and forestry activities and applications of advance payments of personal income tax from incomes from basic agricultural and forestry activities.

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	230,305	129,105	56.1	130,573	98.9
OUTPUT DOCUMENTS	169,367	188,120	111.1	188,758	99.7
NUMBER OF DISCOVERED IRREGULARITIES	0	4,204	0.0	13,088	32.1
EFFECT – TAX IN SITM	1,515.0	409.9	27.1	2,152.3	19.0

In 2006 the total number of received input documents in connection with advance payments of personal income tax was 129,105, which is 43.9 percent less than it was planned. In the field of advance payments of personal income tax in 2006 188,120 output documents were issued (187,639 decisions and 481 orders).

ADVANCE PAYMENT OF PERSONAL INCOME TAX FROM INCOMES FROM EMPLOYMENT AND OTHER INCOMES

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	5,652	4,119	72.9	0	0.0
OUTPUT DOCUMENTS	4,097	4,050	98.9	0	0.0
NUMBER OF DISCOVERED IRREGULARITIES	0	0	0.0	0	0.0
EFFECT – TAX IN SITM	0.1	0.0	0.0	0.0	0.0

Taxpayers submitted 4,119 tax returns for assessment of personal income tax advance payment from incomes from employment and other incomes, which is 72.9 percent of

the planned number. The Tax Administration issued 4,050 output documents (4,029 decisions on assessment of personal income tax advance payment and 21 orders).

Due to the second-instance body's decision, which differed from Tax Administration's point of view in connection with recognition of relief, in June till the consideration of the matter issuing of assessment decisions according to tax returns of received pensions from abroad was stopped temporarily. Due to the lack of programme support, controllers issued all decisions manually.

Due to the change of the Personal Income Tax Act and subsequent change of the Companies Act the group of taxpayers was extended, which may decide for establishing of the tax base with taking norm expenditures into consideration.

PERSONAL INCOME TAX ADVANCE PAYMENT ON INCOMES FROM BUSINESS ACTIVITIES

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	75,053	76,780	102.3	72,503	105.9
OUTPUT DOCUMENTS	11,264	5,685	50.5	75,535	7.5
NUMBER OF DISCOVERED IRREGULARITIES	0	3,132	0.0	11,592	27.0
EFFECT – TAX IN SITM	1,461.4	363.1	24.8	2,004.4	18.1

In 2006 76,780 forms were submitted from the field of tax on incomes from business activities, which is 2.3 percent more than it was planned and 5.9 percent more than in 2005. The Tax Administration issued 5,685 output documents, which is 49.5 percent less than it was planned and 92.5 percent less than in the year before (5,475 decisions and 210 orders). Up to now taxpayers submitted tax returns and the tax authority assessed the personal income tax advance payment with a decision, but for 2005 taxpayers submitted a tax settlement. According to the new legislation decisions are issued only to taxpayers, who establish the tax base with taking norm costs into consideration.

In addition the Tax Administration issued also 1,145 decisions and 26 orders in connection with the change of prior advance payment during the year, submission of the settlement after the time limit expiry and notification of the tax base from the income from basic agricultural and basic forestry activities on the basis of incomes and expenditures.

While performing control of persons liable for tax on incomes from business activities, irregularities were discovered in 3,132 cases in connection with settling of advance payments, which is 73.0 percent less than in the year before. Out of this number there were 1,925 cases of irregularities in connection with settling of advance payments on the basis of tax settlements, 494 cases of irregularities in connection with costs of work of employees and irregularities in connection with settled contributions for social security for the taxpayer, 382 cases of irregularities in connection with lowering of the tax base and tax relief, 171 cases with incorrectly stated incomes from performing business activities and other incomes, assessment was conducted in 126 cases because the taxpayer failed to submit the tax settlement and there were 34 cases with incorrectly stated expenditures from performing business activities and other expenditures.

The lower number of discovered irregularities was influenced by the change of taxation system (from assessment to self-taxation), change of documents, which taxpayers enclose to the settlement, and insufficient qualifications of controllers for conduct of control in new conditions.

The tax liabilities were in total increased for 363.1 million tola, which is 24.8 percent of the planned amount and only 18.1 percent of realisation in 2005. The reason for this is the delay in preparing the programme support for entry of data from settlements

for 2005. The programme was corrected several times. Inaccurate performance of the programme for recording of advance payment for 2006 caused additional problems.

PERSONAL INCOME TAX ADVANCE PAYMENT ON INCOMES FROM PROPERTY

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	27,306	22,904	83.9	26,404	86.7
OUTPUT DOCUMENTS	25,532	21,881	85.7	23,510	93.1
NUMBER OF DISCOVERED IRREGULARITIES	0	174	0.0	264	65.9
EFFECT – TAX IN SITM	4.7	4.7	100.0	4.6	101.2

In 2006 taxpayers filed 22,904 tax returns for assessment of the tax, which is 16.1 percent less than it was planned and 13.3 percent less than in 2005. 21,807 decisions and 74 orders were issued. While performing control irregularities were discovered in 174 cases: in 72 cases out of this number the tax base was not correctly stated, there were 64 cases of unjustified exercising of actual costs, 33 cases when norm costs were not taken into consideration correctly and 5 cases when discrepancy of data from the tax return in the rent contract was established.

PERSONAL INCOME TAX FROM INCOMES FROM CAPITAL

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	19,997	23,212	116.1	20,151	115.2
OUTPUT DOCUMENTS	20,058	21,037	104.9	18,545	113.4
NUMBER OF DISCOVERED IRREGULARITIES	0	898	0.0	1,232	72.9
EFFECT – TAX IN SITM	48.9	41.9	85.8	142.9	29.4

Taxpayers submitted 23,212 tax returns for tax assessment, which is 16.1 percent more than it was planned and 15.2 percent more than in 2005. The Tax Administration issued 20,322 decisions, 8,172 decisions out of this number were issued on the basis of returns for assessment of personal income tax advance payment on profit from capital on the sale of securities and capital shares for 2005, other decisions were issued on the basis of filed returns for assessment of personal income tax on profit from capital at the transfer of the ownership right to another person in connection with immovable property in 2006. Also 143 orders were issued.

Irregularities were discovered in 898 cases: in 222 cases out of this number taxpayer's costs at the transfer of ownership rights to another person in connection with securities and capital shares were not correctly stated, there were 202 cases where the value of capital at acquisition/transfer of ownership rights in connection with securities and capital shares was not correctly stated, profit/loss of securities and capital shares or the tax base at the sale of immovable property were not correctly stated in 171 cases, there were 161 cases with incorrectly stated purchase/sale value of immovable property, 72 cases with incorrectly stated quantity of purchase/sale of securities and capital shares and 70 cases where the date of acquisition/sale of securities and capital shares was stated incorrectly. Additionally assessed obligation was established in the amount of 41.9 million tolaars.

Due to complexity of the field of assessment of personal income tax on profit from capital from the sale of securities and capital shares the issuing of decisions requires more and more time every year. Control data for this source are insufficient or nonexistent for capital shares.

Programme support is not provided for assessment of personal income tax on profit from capital from the transfer of ownership rights in connection with immovable property. This is the reason why assessment and issuing of decisions were executed manually, which causes problems at assessment.

PERSONAL INCOME TAX ADVANCE PAYMENT ON INCOMES FROM BASIC AGRICULTURAL AND FORESTRY ACTIVITIES

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	102,297	2,073	2.0	11,515	18.0
OUTPUT DOCUMENTS	104,896	132,050	125.9	71,168	185.5
NUMBER OF DISCOVERED IRREGULARITIES	0	0	0.0	0	0.0
EFFECT – TAX IN SITM	0.0	0.0	0.0	0.0	0.0

Taxpayers submitted 2,073 returns for tax assessment, which is 2.0 percent of the planned number. The Tax Administration issued 132,050 output documents, which is 29.9 percent more than it was planned and 85.5 percent more than in 2005. 132,043 decisions out of this number were issued on assessment of personal income tax advance payment from cadastral income and other income from basic agricultural and forestry activities and 7 orders.

The Tax Administration issued also 2,246 decisions on establishing the actual user of the land, exemption from payment of cadastral income and decisions to non-residents for exercising reductions and investment relief.

Due to problems at providing programme support the assessment for 2005 was conducted only in the beginning of 2006. The assessment for 2006 for residents was conducted in December.

Assessment of personal income tax advance payment and other obligations from cadastral income is executed only to those non-residents, who are entered into the register of taxpayers and to whom the tax number has been assigned. The records include several non-residents, owners of agricultural land, without the tax number because the tax authority doesn't have necessary data for opening of the tax number out of official duty. Taxpayer's address abroad is not known, so it is not possible to get the missing data.

VALUE ADDED TAX

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	711,200	746,547	105.0	666,815	112.0
OUTPUT DOCUMENTS	56,133	69,773	124.3	26,164	266.7
NUMBER OF DISCOVERED IRREGULARITIES	0	4,745	0.0	5,488	86.5
EFFECT – TAX IN SITM	1,611.3	1,868.4	116.0	2,614.6	71.5

In 2006 746,547 various forms were submitted from the field of VAT, which is 5.0 percent more than it was planned and 12.0 percent more than in the year before and it represents the share of 12.7 percent of all submitted forms. The Tax Administration issued 69,733 output documents to taxable persons, which is 24.3 percent more than it was planned and 166.7 percent more than in the previous year. Out of this number the Tax Administration issued 66,471 decisions and 3,302 orders.

While performing control irregularities were discovered in 4,745 cases, which is 13.5 percent less than in the year before. In 2,829 cases out of this number irregularities were discovered at DDV-O form, in 1,807 cases at claims for VAT refund to taxable persons without the seat in Slovenia and in 109 cases at claims for refund in the passenger transport services. The amount of additionally assessed tax reached the amount of 1,868.4 million tolar, which is 16.0 percent more than it was planned and 28.5 percent less than in the year before.

At the end of 2006 90,430 persons liable for VAT were entered in the VAT record, which is 2.7 percent more than in 2005. 43,323 (51.2 percent) out of this number were legal entities and 44,107 (48.8 percent) were individuals. The record of persons liable for VAT included 526 foreign persons. In comparison with 2005 the share of taxable persons with monthly settlements increased considerably (from 49.9 to 56.0 percent) in the structure of taxable persons according to the settlement type in relation to the decrease of the number of taxable persons with semi-annual settlements, the share of which decreased (from 31.1 to 25.8 percent).

STRUCTURE OF PERSONS LIABLE FOR VAT

SITUATION ON 31/12	PERSONS LIABLE FOR VAT				TYPE OF VAT SETTLEMENT			STATUS	
	LEGAL ENTITIES	INDIVIDUALS	DOMESTIC	FOREIGN	MONTHLY	QUARTERLY	SEMI-ANNUALLY	EXPORTER	IN TOTAL
2006	46,323.0	44,107.0	89,904.0	526.0	50,658.0	16,446.0	23,326.0	929.0	90,430.0
SHARE IN %	51.2	48.8	99.4	0.6	56.0	18.2	25.8	1.0	100.0
2005	45,091.0	42,949.0	87,612.0	428	43,960	16,684	27,396	913.0	88,040.0
SHARE IN %	51.2	48.8	99.5	0.5	49.9	19.0	31.1	1.0	100.0
INDEX 06/05	102.7	102.9	102.6	122.9	112.5	98.6	85.1	101.8	102.7

Special attention was given to taxable persons, for whom reasons no longer exist for identification for VAT purposes.

Control comprises entering, processing and control of submitted forms: DDV-O, KP-O (quarterly report), DDV-OPN (lump-sum compensation), DDV-VE (VAT refund in passenger transport services), claims for VAT refund to taxable persons without the seat in Slovenia, special settlements of taxable persons 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 international agreements, which oblige Slovenia.

	NUMBER OF INPUT DOCUMENTS - IN TOTAL			NUMBER OF OUTPUT DOCUMENTS - IN TOTAL			NUMBER OF CASES WITH DISCOVERED IRREGULARITIES			EFFECT INCREASE - DECREASE OF TAX (IN 000 SIT)		
	YEAR		INDEX 06/05	YEAR		INDEX 06/05	YEAR		INDEX 06/05	YEAR		INDEX 06/05
	2006	2005		2006	2005		2006	2005		2006	2005	
DDV - O	665,734	591,019	112.6	1,760	9,833	17.9	2,829	3,412	82.9	1,208.6	1,791.4	67.5
VAT - LUMP-SUM COMPENSATION	42,820	44,442	96.4	42,790	7,277	588.0	0	0	0	0.0	0.0	0
VAT - PASSENGER TRANSPORT SERVICES	9,476	9,924	95.5	7,316	6,200	118.0	109	66	165.2	4.3	3.5	124.2
VAT - VAT REFUND TO TAXABLE PERSONS WITHOUT THE SEAT IN SLOVENIA	9,524	5,090	187.1	9,381	2,854	328.7	1,807	2,010	89.9	655.5	819.7	80.0
VAT - QUARTERLY REPORT	18,993	16,340	116.2	0	0	-	0	0	0	0.0	0.0	0
VAT APPLICATIONS	0	0	-	8,525	0	-	0	0	0	0.0	0.0	0
VAT - IN TOTAL	746,547	666,815	112.0	69,773	26,164	266.7	4,745	5,488	86.5	1,868.4	2,614.6	71.5

In 2006 taxable persons submitted 665,734 DDV-O settlements, which is 12.6 percent more than in the year before. The Tax Administration issued 1,760 output documents to taxable persons, which is 82.1 percent less than in the year before (1,192 decisions and 568 orders). Irregularities were discovered in 2,829 cases and effect was established in the amount of 1,208.6 million tolar.

In 2006 taxable persons filed 9,476 claims for VAT refund in passenger transport services, which is 4.7 percent more than in the year before. At checking of claims 168,958 DDV-VP forms were checked, which is 9.3 percent more than in the previous year. The Tax Administration issued 7,317 output documents, which is 18.0 percent more than in the year before (7,264 decisions out of this number and 53 orders). Irregularities were discovered in 109 cases and effect was established in the amount of 4.3 million tolar.

In 2006 the Tax Administration received 9,524 input documents in connection with VAT refunds to taxable persons without the seat in Slovenia, which is 64.2 percent more than it was planned and 87.1 percent more than in the year before. 4,129 out of this number were claims for VAT refund according to Article 54 of the ZDDV and 5,286 applications for exemption from duties for diplomatic missions, consulates and international organisations in accordance with international agreements, which oblige Slovenia. The Tax Administration issued 9,381 output documents, which is 66.0 percent more than it was planned and 228.7 percent more than in the year before (9,316 decisions out of this number and 65 orders). Irregularities were discovered in 1,807 cases, which is 11.1 percent less than in the year before. The additionally assessed tax reached 655.5 million tolar or 20.0 percent less than in the year before.

At the execution of the above-mentioned tasks in 2006 controllers had many problems:

- In the field of refunds of VAT and excises to diplomatic missions, consulates and international organisations (DKP) in accordance with international agreements, which oblige Slovenia, there is no comprehensive programme support. A programme exists for entry of claims according to invoices and refunds are executed with a special request manually through the General Tax Office.
- There was no programme support for managing records on direct exemptions, which would only enable updated informing of the Ministry of Foreign Affairs and Ministry of Finance on execution of material reciprocity. This is the reason why controllers now collect data manually.
- In the field of DKP due to indeterminate legislation problems occur at implementation of exemptions for NATO forces.
- The extent of work in the field of DKP increased due to opening of new embassies (e.g. Japan, etc.).
- In the field of VAT refunds to taxable persons without the seat in Slovenia there was no programme support, so the work was conducted manually, including also the preparation of reports, which are defined by the Council Regulation (EC) 1798/2003.
- Problems appeared at refunding money into foreign states because many orders were returned, which means prolongation of refund procedures.

Up to now in Slovenia we still don't have an identified taxable person without the seat within the Community, who would perform electronic services to persons, who are not liable persons. In 2006 26,650.68 euros of VAT, charged to Slovenian buyers of electronic services, were remitted to a special payment account from states, where taxable persons are registered for the special arrangement.

GIFT AND INHERITANCE TAX

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	41,137	42,873	104.2	42,709	100.4
OUTPUT DOCUMENTS	39,999	46,570	116.4	42,130	110.5
NUMBER OF DISCOVERED IRREGULARITIES	0	2,174	0.0	2,419	89.9
EFFECT – TAX IN SITM	327.9	510.7	155.7	523.7	97.5

Taxpayers submitted 42,873 returns, which is 4.2 percent more than it was planned and 0.4 percent more than in the previous year. The Tax Administration issued 46,570 output documents, which is 16.4 percent more than it was planned and 10.5 percent more than in the year before (46,533 decisions out of this number and 37 orders). The incorrect tax base was established in 2,174 cases (difference between the reported and market values of inheritance or gift). The amount of additionally assessed obligations reached 510.7 million tolar, which is 55.7 percent more than it was planned and 2.5 percent less than in the year before.

The value of inheritance is established in the assessment procedure on the basis of tax body's assessment or submitted evaluation. The value of immovable property was not correctly stated at the majority of discovered irregularities. The programme support

was not provided for assessment of the above-mentioned tax. This is the reason why everything is done manually.

COMPENSATION FOR THE USE OF BUILDING LAND (NUSZ)

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	41,812	46,785	111.9	62,118	75.3
OUTPUT DOCUMENTS	673,631	704,244	104.5	677,533	103.9
NUMBER OF DISCOVERED IRREGULARITIES	0	0	0.0	0	0.0
EFFECT – TAX IN SITM	0.0	0.0	0.0	0.0	0.0

In 2006 46,785 documents were submitted, which is 11.9 percent more than it was planned and 24.7 percent less than in the previous year. Taxable persons proved the change of official data, necessary for tax assessment, with the submitted documents. The Tax Administration issued 704,244 output documents (703,722 out of this number and 522 orders). There were no cases with discovered irregularities.

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 still submit the data too late or the data are of poor quality, which disables assessment within legally prescribed time limits.

TAX FROM PROPERTY

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	21,776	22,823	104.8	29,763	76.7
OUTPUT DOCUMENTS	81,165	85,923	105.9	81,710	105.2
NUMBER OF DISCOVERED IRREGULARITIES	0	0	0.0	0	0.0
EFFECT – TAX IN SITM	0.0	0.0	0.0	0.0	0.0

In 2006 22,823 documents were submitted, which is 4.8 percent more than it was planned and 23.3 percent less than in the previous year. The Tax Administration issued 85,923 documents (81,299 decisions out of this number and 4,624 orders). There were no cases with discovered irregularities.

Assessment of tax from property on the ownership of floating objects was executed on the basis of the data, which the Tax Administration received from the Ministry of Transport, Maritime Transport Administration of the RS. The data, acquired from the Maritime Transport Administration of the RS, don't include data about the tax number of floating object's owner. This is the reason why they had to be supplemented first before assessment.

Controllers at tax offices acquired data from various sources for updating of the database for assessment of tax from property on the ownership of buildings, which influenced the increase of the number of issued decisions.

REAL ESTATE SALES TAX

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	48,574	54,144	111.5	48,959	110.6
OUTPUT DOCUMENTS	48,719	63,284	129.9	49,557	127.7
NUMBER OF DISCOVERED IRREGULARITIES	0	2,544	0.0	2,973	85.6
EFFECT – TAX IN SITM	103.6	142.2	137.4	100.2	141.9

In 2006 54,144 tax returns were submitted, which is 11.5 percent more than it was planned and 10.6 percent more than in the previous year. The Tax Administration issued 63,284 output documents, which is 29.9 percent more than it was planned and 27.7 percent more than in the year before (63,187 decisions out of this number and 97 orders).

While performing control the incorrect tax base was established in 2,544 cases (difference between the contract and market values of the immovable property), which is 14.4 percent less than in the year before. The amount of additionally assessed obligation reached 142.2 million tolar, which is 37.4 percent more than it was planned and 41.9 percent more than in the year before.

TAX ON GAMES OF CHANCE

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	801	472	58.9	621	76.0
OUTPUT DOCUMENTS	243	7	2.9	1	700.0
NUMBER OF DISCOVERED IRREGULARITIES	0	2	0.0	2	100.0
EFFECT – TAX IN SITM	1.0	0.0	0.0	0.0	0.0

In 2006 472 tax settlements were submitted, which is 41.1 percent less than it was planned and 24.0 percent less than in the previous year. The Tax Administration issued 7 output documents (6 decisions out of this number and 1 order). The incorrect tax rate was used at the settlement in 2 cases. The change of legislation in the field of organising games of chance influenced the decrease in the number of submitted settlements. There were no special features in the field of tax on games of chance. There is no programme support for processing of settlements.

TAX ON MOTOR VEHICLES

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	27,930	36,083	129.2	27,827	129.7
OUTPUT DOCUMENTS	27,717	32,764	118.2	27,230	120.3
NUMBER OF DISCOVERED IRREGULARITIES	0	4,293	0.0	5,649	76.0
EFFECT – TAX IN SITM	46.8	46.9	100.3	57.5	81.6

In 2006 36,083 input documents were submitted, which is 29.2 percent more than it was planned and 29.7 percent more than in the previous year. The Tax Administration issued 32,764 output documents, which is 18.2 percent more than it was planned and 20.3 percent more than in the year before (32,748 decisions out of this number and 16 orders). The incorrect tax base was used in 4,013 cases of discovered irregularities and incorrect tax rate in 280 cases. The amount of additionally assessed tax reached 46.9 million tolar, which is 0.3 percent more than it was planned and 18.4 percent less than in the year before.

After entry of Slovenia into the European Union the trade with used motor vehicles in 2004 and 2005 increased considerably, but in 2006 the trend reversed. In the first half of 2006 the Motor Vehicles Tax Act, which imposed on the Tax Administration, mainly on control, a lot of additional work, was changed considerably.

After the change of the act, which came into force on 24/5/2006, acquirers of motor vehicles from the EU shall file tax returns for assessment for all vehicles, temporarily or permanently registered abroad, and controllers shall issue decisions and certificates on paid taxes. The programme support for implementation of Articles 8.a and 8.b of the ZDMV still doesn't exist, so controllers have to manually conduct all tasks (assessment, issuing of certificates, keeping records).

At the assessment of motor vehicles tax on used vehicles tax offices establish that the sale more and more frequently takes place through authorised traders with used vehicles. The sale among individuals continues to decrease. Mainly old vehicles of low quality are sold directly, where the tax base is low.

SETTLEMENT OF CONCESSION DUTIES

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	432	453	104.9	638	71.0
OUTPUT DOCUMENTS	573	3	0.5	0	0.0
NUMBER OF DISCOVERED IRREGULARITIES	0	0	0.0	0	0.0
EFFECT – TAX IN SITM	0.0	0.0	0.0	0.0	0.0

In 2006 453 settlements of concession duties were submitted, which is 4.9 percent more than it was planned and 29.0 percent less than in the previous year. The Tax Administration issued 3 decisions. Tax offices didn't discover irregularities. There is no programme support, so controllers perform all tasks manually.

TAX ON INSURANCE CONTRACTS

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	288	255	88.5	207	123.2
OUTPUT DOCUMENTS	0	0	0.0	0	0.0
NUMBER OF DISCOVERED IRREGULARITIES	0	0	0.0	0	0.0
EFFECT – TAX IN SITM	0.0	0.0	0.0	0.0	0.0

In 2006 255 settlements were submitted by taxpayers, which is 11.5 percent less than it was planned and 23.2 percent more than in the previous year. The number of persons liable for tax on insurance contracts increased due to branches of foreign insurance companies, which operate on the territory of Slovenia. There is no programme support, so controllers perform all tasks manually.

MEMBERSHIP FEES

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	0	377,267	0.0	0	0.0
OUTPUT DOCUMENTS	5,750	2,727	47.4	0	0.0
NUMBER OF DISCOVERED IRREGULARITIES	0	5,768	0.0	0	0.0
EFFECT – TAX IN SITM	58.6	73.8	125.9	0.0	0.0

*NOTE: MEMBERSHIP FEES ARE MONITORED FROM 1/1/2006.

In 2006 the Tax Administration received 377,267 settlements of membership fees for the Chamber of Craft of Slovenia (OZS). In previous years the settlement of OZS membership fee was included into the settlement of contributions for social security of sole entrepreneurs, but now taxpayers submit an independent settlement. In accordance with the agreement between the OZS and Tax Administration 2,727 decisions were issued to persons liable for tax on incomes from business activities, who are members of the OZS and have not submitted the settlement of the membership fee. In 2,117 cases of discovered irregularities assessment was conducted (person liable for payment didn't submit the settlement and didn't pay obligations), in 2,205 cases the membership fee was not calculated correctly and in 1,446 cases the person liable to pay the membership fee submitted the settlement upon controller's call. The estimated additional obligation for payment reached 73.8 million tolar.

FEES

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	12,035	14,901	123.8	12,644	117.9
OUTPUT DOCUMENTS	11,868	13,524	114.0	12,023	112.5
NUMBER OF DISCOVERED IRREGULARITIES	0	29	0.0	119	0.0
EFFECT – TAX IN SITM	0.6	0.5	72.9	3.1	72.9

In 2006 there were 14,901 received settlements or reports for environment fees, public utilities and tourist fees, which is 23.9 percent more than it was planned and 17.9 percent more than in the previous year. The Tax Administration issued 13,524 output documents – decisions, which is 14.0 percent more than it was planned and 12.5 percent more than in the previous year. At the control of settlements 29 irregularities were discovered and additionally estimated obligation for 0.5 million tolar.

CERTIFICATES

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
INPUT DOCUMENTS	0	0	0.0	0	0.0
OUTPUT DOCUMENTS	407,258	389,998	95.8	443,810	87.9
NUMBER OF DISCOVERED IRREGULARITIES	0	0	0.0	0	0.0
EFFECT – TAX IN SITM	0.0	0.0	0.0	0.0	0.0

In 2006 the control issued also 389,998 output documents, which we monitor together with certificates. The number of such documents in 2006 was 4.2 percent lower than it was planned and 12.1 percent lower than in the previous year. Out of total number of 389,998 documents there were 375,138 certificates, 554 decisions and 217 orders on the basis of the General Administrative Procedure Act, 14,008 certificates, 45 decisions and 36 orders on the basis of the Tax Procedure Act.

AUDIT SUPERVISION

In 2006 5,069 audits were conducted. In audit procedures additional direct liabilities were established in the amount of 16,549.2 million tolar and indirect liabilities in the amount of 7,620.2 million tolar. 12,359.2 million tolar of estimated additional direct liabilities were paid and 323.8 million tolar of liabilities from the change of the base for tax on incomes from business activities. Payments in total reached the amount of 12,683.0 million tolar in 2006.

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
1. NUMBER OF AUDITS	5,850	5,069	86.6	4,373	115.9
2. DIRECT LIABILITIES ACCORDING TO MINUTES IN SITM – IN TOTAL	23,762.6	16,549.2	69.6	20,241.0	81.8
3. INDIRECT LIABILITIES IN SITM – IN TOTAL	9,318.3	7,620.2	81.8	15,365.7	49.6

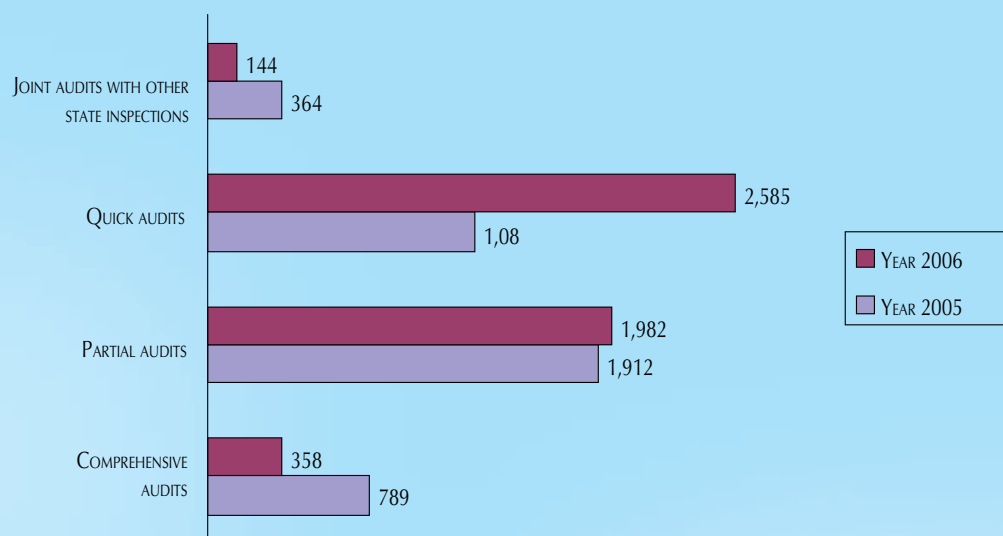
The share of audits with discovered irregularities in 2006 reached 56.0 percent of all conducted audits and it is in comparison with 2005 lower (61.2 percent) for 8.5 percent.

The share of audits without findings (zero audit) in 2006 reached 62.2 percent of all conducted audits, which is less than it was planned (45.0 percent) and more than in 2005 when it reached 38.9 percent of all.

NUMBER OF AUDITS ACCORDING TO TYPES OF SUPERVISION

	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF 2006 ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05
COMPREHENSIVE	299	358	119.7	789	45.4
PARTIAL	2,501	1,982	79.3	1,912	103.7
QUICK	2,518	2,585	102.7	1,308	197.6
JOINT AUDITS WITH OTHER STATE INSPECTIONS	532	144	27.1	364	39.6
IN TOTAL	5,850	5,069	86.6	4,373	115.9

NUMBER OF AUDITS ACCORDING TO TYPES OF SUPERVISION



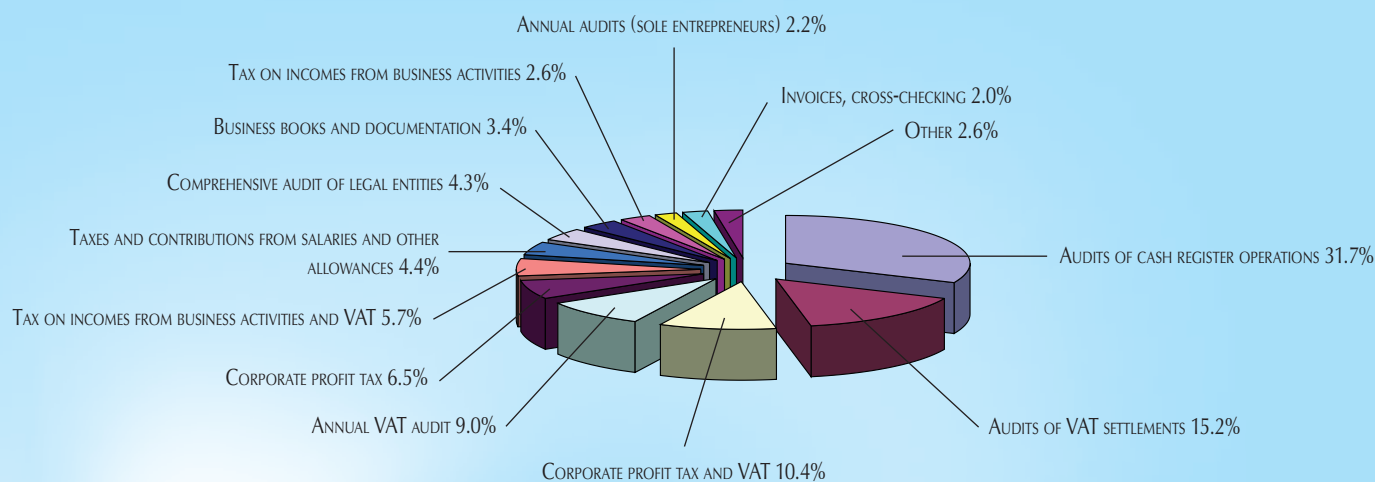
In 2006 the share of conducted audits was 13.4 percent lower than it was planned and 15.9 percent higher than in the previous year. Cases of tax audit supervision were directed into performing of concurrent partial tax supervision over corporate profit tax in connection with VAT and performing of coordinated supervision at taxpayers, who perform business activities with cash (services for guests: restaurants, catering, pubs, etc.). The emphasis was also placed on supervision over taxable persons, who perform risky business activities, for example construction, real estate, renting and business services, trade with motor vehicles and intermediaries at the sale, trade with computer equipment, etc.

The ratio between subsequent and preventive audits was appropriate in relation to the planned structure. The share of subsequent audits reached 46.2 percent of all audits (annual plan 47.9 percent) and the share of preventive audits reached 53.8 percent of all conducted audits (annual plan 52.1 percent).

In relation to the type of supervision the largest share in the structure of realised audits belongs to quick audits, which is a consequence of implementation of coordinated joint audits at those persons, who perform services for guests (51.0 percent). Then there are partial audits with the share of 39.1 percent and comprehensive audits, which have the share of 7.1 percent in the structure of conducted audits. The lowest share of all conducted audits (2.8 percent) belongs to joint audits with other state inspections.

In relation to the subject matter of supervision the largest number of supervision cases was in connection with cash register operations (1,605 or 31.7 percent of all tax audit supervision cases). Then there are VAT supervision (1,262 conducted cases of this type or 24.9 percent of all) and concurrent supervision cases in connection with corporate profit tax and VAT. 528 supervision cases of this type were conducted or 10.4 percent of all.

STRUCTURE OF AUDITS ACCORDING TO SUBJECT MATTER OF SUPERVISION

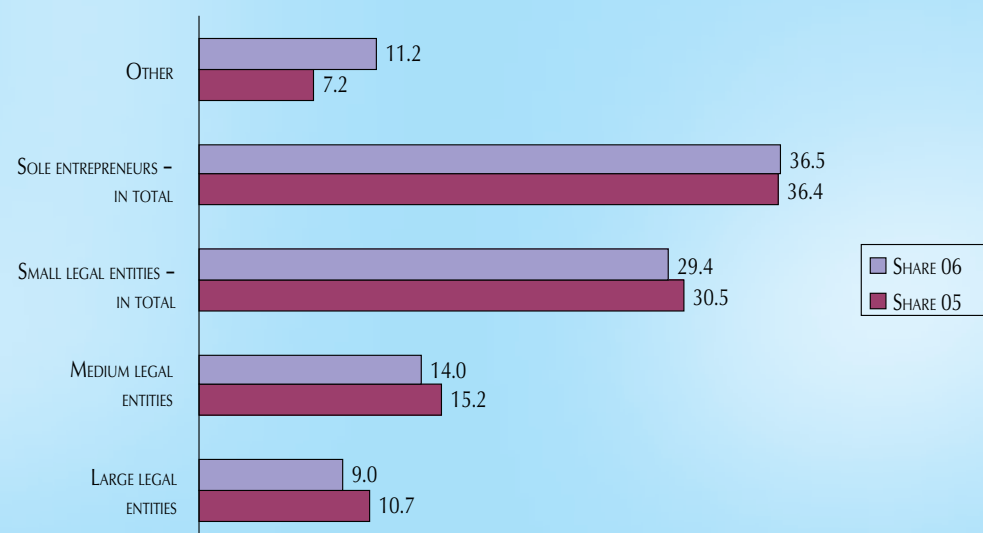


NUMBER OF AUDITS ACCORDING TO THE SIZE AND STATUS OF TAXPAYERS

SIZE AND STATUS OF TAXPAYERS	REALISATION 2006	REALISATION 2005	INDEX 06/05
LARGE LEGAL ENTITIES	454	470	96.6
MEDIUM LEGAL ENTITIES	708	666	106.3
SMALL LEGAL ENTITIES	1,492	1,333	111.9
LEGAL ENTITIES – IN TOTAL	2,654	2,469	107.5
SOLE ENTREPRENEURS – IN TOTAL	1,848	1,590	116.2
OTHERS	567	314	180.6
IN TOTAL	5,069	4,373	115.9

The largest number of audits was conducted at legal entities, i.e. 2,654 (52.4 percent of all), which is 7.5 percent more than in 2005. Then there are audits at sole entrepreneurs, where 1,848 audits were conducted (36.5 percent of all) or 16.2 percent more than in 2005.

STRUCTURE OF AUDITS IN RELATION TO THE STATUS AND SIZE OF TAXPAYERS



In relation to taxpayer's status the structure changed, so that the share of conducted audits at legal entities decreased, but it increased at sole entrepreneurs and other taxpayers.

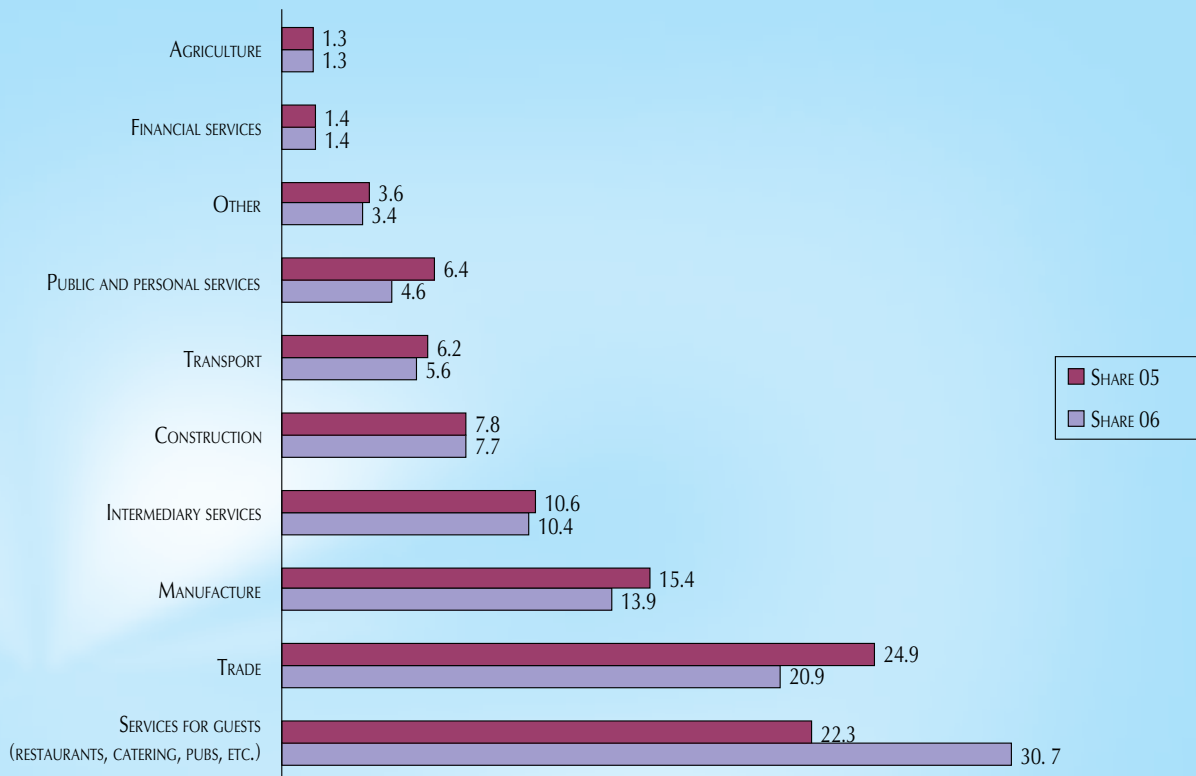
NUMBER OF AUDITS ACCORDING TO BUSINESS ACTIVITIES

BUSINESS ACTIVITIES	REALISATION 2006	REALISATION 2005	INDEX 06/05
AGRICULTURE	67	59	113.6
MANUFACTURE	703	675	104.1
CONSTRUCTION	391	340	115.0
TRADE	1,060	1,091	97.2
SERVICES FOR GUESTS (RESTAURANTS, CATERING, PUBS, ETC.)	1,556	975	159.6
TRANSPORT	286	270	105.9
FINANCIAL SERVICES	72	60	120.0
INTERMEDIARY SERVICES	528	465	113.5
PUBLIC AND PERSONAL SERVICES	234	279	83.9
OTHERS	172	159	108.2
IN TOTAL	5,069	4,373	115.9

In 2006 the largest share of audits was conducted at taxpayers, who perform services for guests (restaurants, catering, pubs, etc.). The number of audits, conducted in this business activity, was 1,556 (30.7 percent of all) or 59.6 percent more than in 2005. Then there are audits at taxpayers, who work in trade, where there were 1,060 conducted audits (20.9 percent of all) or 2.8 percent less than in 2005.

In 2006 in accordance with guidelines for work tax audit supervision increased in risky business activities, e.g. construction, financial services and intermediary services. In comparison with 2005 15.0 percent more audits were conducted in construction, in financial services 20.0 percent more and in intermediary services 13.5 percent more.

STRUCTURE OF AUDITS ACCORDING TO BUSINESS ACTIVITIES



ESTIMATED ADDITIONAL LIABILITIES IN TAX AUDIT SUPERVISION PROCEDURES

ESTIMATED ADDITIONAL LIABILITIES AND PAYMENTS ACCORDING TO TYPES OF LIABILITIES (SITM)

TYPES OF LIABILITIES	ANNUAL PLAN 2006	REALISATION 2006	PERCENTAGE OF ANNUAL PLAN REALISATION	REALISATION 2005	INDEX 06/05	REALISED PAYMENTS
TAX REVENUES	23,746.1	16,543.6	69.7	20,231.7	81.8	12,351.6
TAXES ON INCOME AND PROFIT	10,858.9	6,931.7	63.8	8,756.1	79.2	5,689.1
SOCIAL SECURITY CONTRIBUTIONS	2,863.5	1,474.6	51.5	2,331.6	63.2	626.4
TAXES ON PAYROLL AND WORKFORCE	264.9	119.9	45.3	275.8	43.5	93.2
TAXES ON PROPERTY	0	51.3	0	18.4	278.1	0
DOMESTIC TAXES ON GOODS AND SERVICES	9,598.1	7,884.5	82.1	8,418.0	93.7	5,896.6
OTHER TAXES	160.7	81.6	50.8	431.7	18.9	46.3
NON-TAX REVENUES	16.5	5.7	34.4	9.3	61.1	7.6
DIRECT LIABILITIES – IN TOTAL	23,762.6	16,549.2	69.6	20,241.0	81.8	12,359.2
INDIRECT LIABILITIES – IN TOTAL	9,318.3	7,620.2	81.8	15,365.7	49.6	323.8

Additional direct liabilities were estimated in tax audit procedures in the amount of 16,549.2 million tolar, which is 30.4 percent less than it was planned and 18.2 percent less than in 2005.

The largest amount belonged to estimated additional direct liabilities in connection with domestic taxes on goods and services, i.e. 7,884.5 million tolar, which represent the share of 47.6 percent in the structure of all. The realised amount was 17.9 percent lower than the planned one or 6.3 percent lower than in 2005. Then there are taxes on income and profit with the realisation of 6,931.7 million tolar, which represent the share of 41.9 percent in the structure of all. The realised amount was 36.2 percent lower than the planned one or 20.8 percent lower than in 2005.

In 2006 7,620.2 million tolar of additional indirect liabilities were also estimated, which is 18.2 percent less than it was planned and 50.4 percent less than in 2005. The largest share in the structure of estimated additional indirect liabilities belonged to the decrease of loss at legal entities and sole entrepreneurs (53.2 percent) and the item of additionally recognised relief with the share of 26.9 percent.

In 2006 12,359.2 million tolar of estimated additional direct liabilities were paid or 3.0 percent more than in 2005. 323.8 million tolar of liabilities from the change of the base for tax on incomes from business activities were also paid. Payments in total reached the amount of 12,683.1 million tolar in 2006. The largest share (5,896.6 million tolar or 47.7 percent of all payments) belonged to payments in connection with domestic taxes on goods and services. Then there are taxes on income and profit, where there were 5,689.0 million tolar of payments or 46.0 percent of all payments in 2006.

WORK IN THE FIELD OF INVESTIGATION AND ANALYSIS

In 2006 within the Investigation Unit and in co-operation of coordinators individual important chains were considered, in which a significant number of taxpayers were included (potential infringers). The list of taxpayers (legal entities, sole entrepreneurs) with the highest risk level was also prepared. On the basis of conducted analyses and other available data and in co-operation with other competent bodies (the Slovenian Customs Administration, Police, Office of the Republic of Slovenia for Prevention of Money Laundering) as a rule profiles (characteristics) of the taxpayer were defined already in the introduction phase and in relation to this audit procedures were also directed later.

Within money lending (net of lenders) for exorbitant interest the Tax Administration in 2006 cooperated directly with the Police and Office of the Prosecutor (76 cases) and on the basis of available data it conducted extensive analyses and proposed and coordinated the work of inspectors if the existence of suspicion of tax legislation violation had been confirmed.

In the second half of 2006 within a more detailed supervision over taxpayers, who perform services for guests, 1,032 tax audits were conducted (74.2 percent of tax audits were conducted at sole entrepreneurs and 25.8 percent at legal entities).

In 2006 tax offices received 2,252 reports (736 signed, 1,106 anonymous and 410 reports from other state bodies). The tax authority introduced 121 cases of detailed supervision for taxpayers, at whom in 2006 the Tax Administration in its procedures established that they participated in the carousel with the objective of avoiding tax obligations and it excluded 43 taxpayers from the system of value added tax (the tax number was withdrawn from them for needs of VAT settlement). On the basis of the request of the Unit for Investigation and Analysis in 2006 160 procedures were concluded and the estimated additional liability reached 2.5 million tolar.

PENALTIES AND OTHER MEASURES OF SUPERVISION

From 1/1/2005 onwards the Tax Administration performs tasks of the offence body against infringers of taxation regulations. In the offence procedure it issues payment orders and decisions, with which it imposes sanctions in the form of fines or warnings. It imposes fines in the lowest amount, defined by law, which depends on the fact whether legal entities, sole entrepreneurs or other persons, who perform business activities, are involved. In the second half of 2006 the Offence Act was changed, so that it enables payment in instalments or payment of one half of fine in cases of issuing of the decision as well as in cases of issuing the payment order.

The Tax Administration conducted 2,428 procedures on the offence for issuing of the payment order. Among infringers there were 1,248 sole entrepreneurs, 557 legal entities and 502 responsible persons and among them there were also 121 individuals, who perform business activities.

The Tax Administration conducted 357 procedures on the offence for issuing of the decision. The infringer is a legal entity in more than a half of cases, the responsible person is also subject to sanctions, the sole entrepreneur is an infringer in almost one third of cases, individuals who perform business activities are also subject to sanctions. The fine was imposed on 159 infringers and the warning was issued to others.

Infringers committed an offence from Article 391 of the Tax Procedure Act in 47 percent of cases: in a half of cases the taxpayer fails to manage or keep business books and records in accordance with this act or fails to manage them accurately or in a way, which would provide data for establishing of tax obligations; two violations are represented by one tenth of cases each: the failure of the payer of the tax to calculate, withhold or pay withholding tax for the taxpayer in accordance with the act and because he is late with the submission of the settlement; cases are also established when the taxpayer has failed to submit the documentation to the tax authority or has failed to provide explanations in connection with the subject to tax supervision or he hinders tax supervision, and cases when the taxpayer fails to provide data, necessary for collection of personal income tax, to the tax authority, which is contrary to the law, or he fails to provide these data within prescribed time limits or in a prescribed way; cases are also involved where the taxpayer contrary to the law fails to provide the tax authority with the data from records, databases, registers or other records, he manages, or he fails to enable the tax authority the view of his documentation or the documentation, which the connected person has at his disposal, and cases when the taxpayer fails to submit the settlement of social security contributions or fails to submit the social security settlement in a prescribed way or within the prescribed time limits, and cases when the taxpayer contrary to the law fails to remit payments for supplied goods or performed services and other payments to transaction accounts of recipients.

Violations of the Value Added Tax Act are the second type of discovered offences. 33 percent of infringers committed offences in connection with this act. The most frequent examples of violations are: failure to submit VAT settlement within the time limit; failure to issue an invoice; failure to settle the tax at the point when the tax obligation has emerged, and incorrect settlement of input VAT; there are also cases of inaccurate deduction of input VAT, incorrect tax settlement, failure to report tax settlement selection, failure to state prescribed data on the invoice.

Ten percent of infringers committed offences from the Social Security Contributions Act, committed with the act of employers who failed to submit settlements of contributions or payrolls.

49 tax offences from Article 391a of the Tax Procedure Act were subject to sanctions. They were committed when the taxpayer, who performs business activities, in the tax settlement, withholding tax settlement or in the settlement of social security contributions, fails to state accurate, complete or true data and with this he avoids payment of the tax in the time of submission of settlements.

Offences from the Tax on Salaries Paid Act were also subject to sanctions. They were committed by taxpayer's failure to settle the tax from the correct tax base. In one case an offence was established due to failure to submit an application for entry into the tax register.

In 2006 the Tax Administration filed 100 charges due to suspicion of committing a criminal act against 34 legal entities and 66 individuals. In 66 percent of cases a charge was filed due to suspicion of committing a criminal act of evasion of financial obligations, then there was a charge due to suspicion of forgery or destruction of documents in 23 percent of cases, 4 percent belonged to 2 charges: due to suspicion of harm of foreign rights and fraud; 2 charges were filed due to suspicion of forgery of documents and 1 charge due to prevention of an official act or revenge on an official person.

INTERNATIONAL INFORMATION EXCHANGE

The Department for International Information Exchange is competent within the Tax Administration for international information exchange for implementation of legislation in the field of mutual assistance and administrative co-operation among EU Member States. The information exchange includes the field of indirect and direct taxes as well as the enforcement of claims, which also refer to value added tax, tax on income and capital, tax on insurance premiums and fire fees.

At the implementation of the administrative assistance in the field of VAT there were 463 claims for information processed in 2006. There were 3,164 pieces of information submitted spontaneously about foreign taxpayers and there were 2,520 received about Slovenian taxpayers. There were also 17,254 checks of identification numbers for VAT purposes of foreign taxpayers and 36,369 checks of trade data of Slovenian and foreign persons liable for VAT.

In the field of implementation of mutual administrative assistance among EU Member States at tax enforcement the Tax Administration received one request for notification and 6 requests for forcible collection of taxes by EU Member States and submitted 2 requests for acquisition of data in an EU Member State.

International information exchange in the field of direct taxes took place on the basis of bilateral agreements on avoidance of double taxation of income and property, which are signed between the Republic of Slovenia and other states and on the basis of Council Directive 77/799/EEC. Exchange upon request on the basis of Council Directive 77/799/EEC and on the basis of agreements took place through the Ministry of Finance, which submits claims from Member States or parties to agreements to the Tax Administration for resolution. In 2006 34 requests for mutual administrative assistance were received from abroad and 36 requests were sent into foreign states. The legal base for submission and receipt of requests in the majority of cases is represented by the directive and agreement. An individual case includes a large number of taxpayers, so that the total number of requests for information received from abroad was 1,441 (1,406 cases out of this number for individuals) and 75 requests for information were sent abroad (38 out of this number for legal entities).

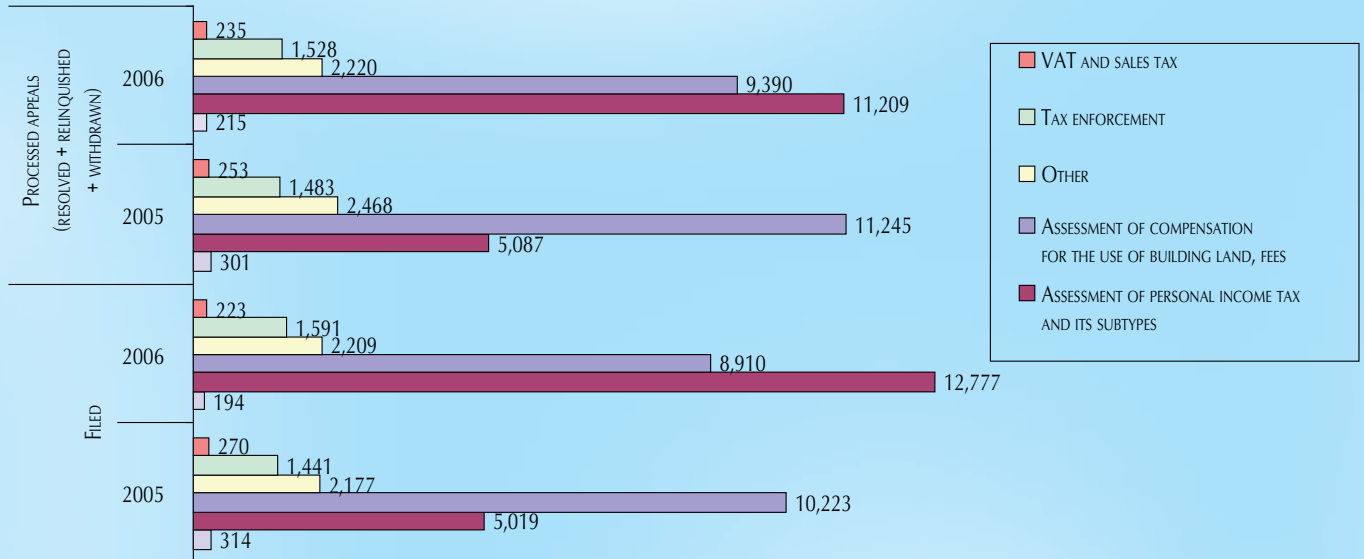
On the basis of Article 238a of the Tax Procedure Act - ZDavP-1 the Tax Administration sent one request for notification abroad.

The Tax Administration actively participated also in the Standing Committee for Administrative Co-operation (SCAC), Recovery Committee, Council work group and Commission work group for direct taxes. Tax Administration's representative also took part as an active evaluator of the state at the application of OECD Convention on prevention of bribery of foreign officials at international business transactions.

DISPUTE RESOLUTION

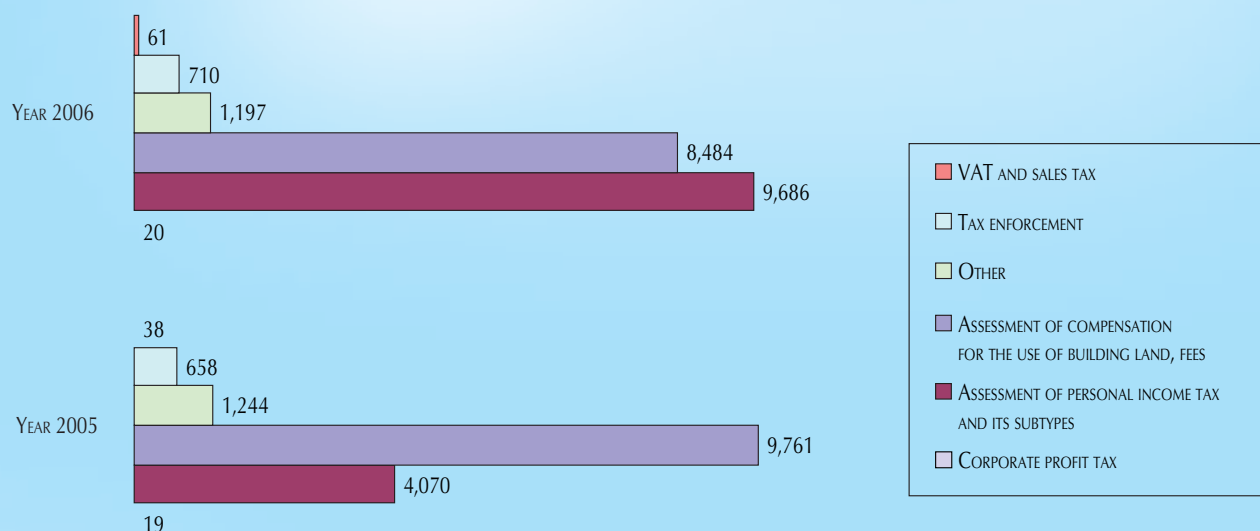
In 2006 25,904 appeals were filed in total, which means 33.2 percent more than in 2005 (19,444). At the end of 2005 there were 1,968 appeals still in the resolution process. The largest share of filed appeals (49.3 percent of all, which is 12,777) were against decisions on assessment of personal income tax and 8,910 appeals (34.4 percent of all) against decisions on compensation for the use of building land (NUSZ) and fees.

NUMBER OF FILED AND PROCESSED APPEALS



In 2006 the Tax Administration processed 24,797 appeals, which means 19.0 percent more than in 2005.

NUMBER OF RESOLVED DISPUTES WITHIN OUR OWN COMPETENCE



The Tax Administration resolved within its own competence 20,158 disputes, which is 27.7 percent more than in 2005. The largest number of all appeals (even 9,686 or 48.1 percent of all), resolved in its own competence, was from the field of assessment of personal income tax and 8,484 (42.1 percent of all) from the field of NUSZ.

3,796 appeals were relinquished for resolution to the second instance, which is 644 appeals or 14.5 percent less than in 2005. 843 appeals were withdrawn, which is 236 appeals or 38.9 percent more than in 2005.

At the end of 2006 there were 3,075 disputes unresolved, which is 56.3 percent more than at the end of 2005. The largest number of all unresolved disputes (even 1,803 or 59.0 percent of all) were against assessment of personal income tax and 827 (26.9 percent of all) against assessment of compensation for the use of building land (NUSZ) and fees.

COMMUNICATION WITH KEY GROUPS OF TAX ADMINISTRATION'S PUBLIC

At communication with key groups of the public in 2006 the Tax Administration followed the business strategy for the period from 2005 to 2008. At all communication activities it strived to achieve mainly 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.

In 2006 the Tax Administration participated in establishing of e-uprava portal (May 2006) and it also renewed its own website (April 2006). The website is one of basic communication channels for communication with key groups of Tax Administration's public. On its website the Tax Administration published 280 explanations and 60 news items; it updated 160 forms or life events and 137 legal bases, on the basis of which the Tax Administration operates. These activities were intended for submission of basic information to taxpayers, individuals and legal entities, irrespective of the tax field.

The Slovenian media sent approximately 1,800 questions to the Tax Administration (about 7.2 per working day). At the same time the Tax Administration received (directly through the PR Department) about 200 questions from taxpayers and 115 questions from taxpayers via e-uprava portal. Tax Administration's answers were correct, also in time sense, and prompt.

Central topics from taxpayers' questions, journalists and others referred mainly to information and explanations from the field of tax legislation and other regulations, the field of forms and instructions for their completing, the field of registration procedures and other tax procedures, the field of methods for payment of taxes and other obligatory duties and other information, e.g. about the work of the Tax Administration.

In 2006 the Tax Administration prepared 5 press conferences: June 7 in Maribor (move to new premises of Maribor Tax Office), June 13 in connection with the personal income tax assessment for 2005, November 9 in connection with problems of residents, who work abroad, December 6 in connection with the personal income tax assessment for 2006 and December 28 in connection with the conclusion of the contract with Tax-Fin-Lex company.

In addition to informing in 2006 the Tax Administration published 12 issues of Davčni bilten (Tax Bulletin) and 2 issues of Dacar (for internal public) and it also prepared two other brochures.

In 2006 the Tax Administration celebrated its 10th anniversary of its existence and it prepared a special event for this occasion.

At the end of 2006 the Tax Administration set up also a service for monitoring of media publishing, which will serve in 2007 as an additional criterion at evaluation of Tax Administration's work effectiveness.

INTERNATIONAL CO-OPERATION

Tax Administration's representatives participated in various expert meetings and sessions of international organisations in the field of relations with the professional environment. In March 2006 Tax Administration's representatives visited the Tax Administration of the Republic of Austria, in March the Tax Administration actively participated in 55th meeting of IOTA Executive Council, in April Tax Administration's representatives had working meetings at the Tax Administrations in the Republic of Serbia and Kingdom of Sweden, in May the Tax Administration actively participated in IOTA General Assembly and visited Tax Administrations in the Republic of Macedonia and Republic of Serbia. In June the Tax Administration participated in the meeting of directors-general of tax administrations of EU Member States in Rome and in October Tax Administration's representatives actively participated also in OECD meeting in Seoul in South Korea.

Representatives of offence courts from Bosnia and Herzegovina visited our Tax Administration in February and in October we hosted colleagues from the Tax Administration of the Republic of Serbia and also a Fiscalis seminar. Colleagues from the Tax Administration of the Republic of Croatia visited our Tax Administration in December.

Tax Administration's representatives follow key objectives at all expert meetings.

PROFESSIONAL QUALIFICATIONS AND TECHNICAL EQUIPMENT

ORGANIZATION

In 2006 the Tax Administration conducted eleven changes and supplements of the document on internal organisation and systematisation of job positions, among them there was the change of systematisation due to reorganisation of tax offices in Dravograd and Maribor and partial reorganisation of Ljubljana Tax Office. Maribor Tax Office was reorganised and partially also Ljubljana Tax Office. Reorganisation for Kranj Tax Office was prepared, but its final realisation depends on the date of tax office's move to new business premises. Analyses were conducted about adequate occupation of job positions at tax offices and conducted current tasks, which referred to the general organisation (business hours, recording of presence, change of instructions). Analyses of salaries were also prepared and on their basis proposals were prepared for introduction of the new salary system.

HUMAN RESOURCES

On 31/12/2006 the Tax Administration had 2,643 employed civil servants, 2,563 out of this number on a permanent basis and 80 for a limited period, 51 out of this number are those who replace absent civil servants, the salaries of which are refunded – maternity leave or sick leave above 30 days, 15 due to extended scope of work and 13 trainees – 2 trainees out of this number are those who are not counted in the quota because they replace absent employees and Director-General with tenure – recorded as others. The rights of two civil servants are at a standstill.

The actual number of civil servants in 2006 decreased for 31. In 2006 the Tax Administration obtained 6 civil servants from the repealed Foreign Exchange Inspectorate of the RS.

REVIEW OF EMPLOYED CIVIL SERVANTS (PERMANENT EMPLOYMENT CONTRACTS) ACCORDING TO FIELDS, COMPARISON WITH SYSTEMATISED JOB POSITIONS FOR PERMANENT EMPLOYMENT IN 2005 AND REVIEW OF THE NUMBER OF ALL EMPLOYEES ON 31/12/2006 (INCLUDED THOSE EMPLOYED PERMANENTLY, FOR A LIMITED PERIOD, TRAINEES)

FIELDS OF WORK	NUMBER OF SYSTEMATISED PERMANENT JOB POSITIONS ON 31/12/2005	NUMBER OF EMPLOYEES WITH PERMANENT CONTRACTS ON 31/12/2006	NUMBER OF ALL EMPLOYEES ON 31/12/2006
MANAGEMENT	35	39	39
MANAGEMENT WITH TENURE		1 *	1
CONTROL AND ASSESSMENT **	1.136	1.097	1.137
AUDITING	421	414	414
TAX ENFORCEMENT ***	131	302	305
TAX ACCOUNTANCY ***	386	212	221
LEGAL TASKS	52	53	57
INFORMATION TECHNOLOGY	77	74	74
OTHER	347	372	395
IN TOTAL	2.585****	2.563	2.643*****

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

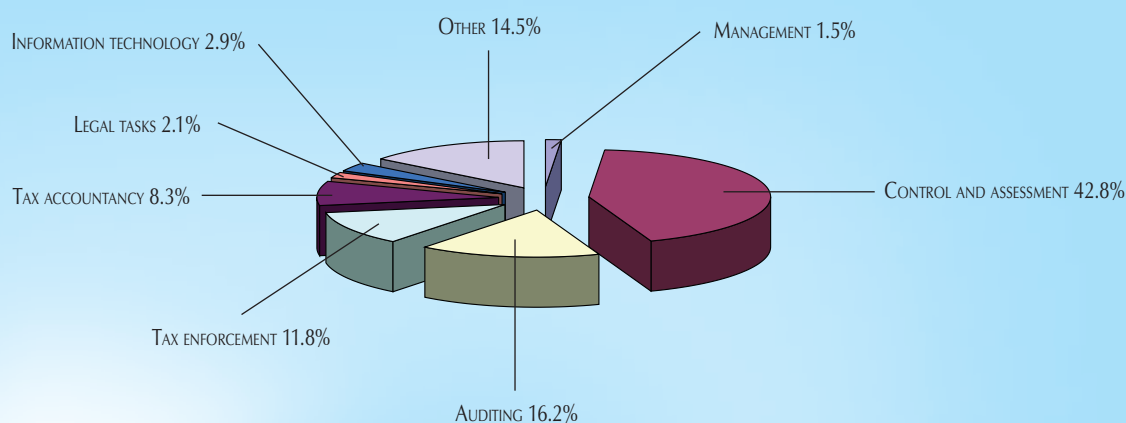
** The field of registration and informing of taxpayers is included in the field of control and assessment.

***The number of employees has actually not changed, but it is only a different method of managing records of employees according to work fields.

****On 31.12.2005 there were 69 replacement employments in the resolution procedure.

*****On 31.12.2006 there were 32 replacement permanent employments in the resolution procedure.

STRUCTURE OF EMPLOYED CIVIL SERVANTS WITH PERMANENT EMPLOYMENT CONTRACTS ON 31/12/2006 ACCORDING TO FIELDS



The number of employed civil servants with associate (3-4) and bachelor's degrees and associate degree (3-4) with specialisation and master's degree and doctorate increases in the Tax Administration in comparison with 2005; the share of employed civil servants with secondary education and associate degree (2) decreases.

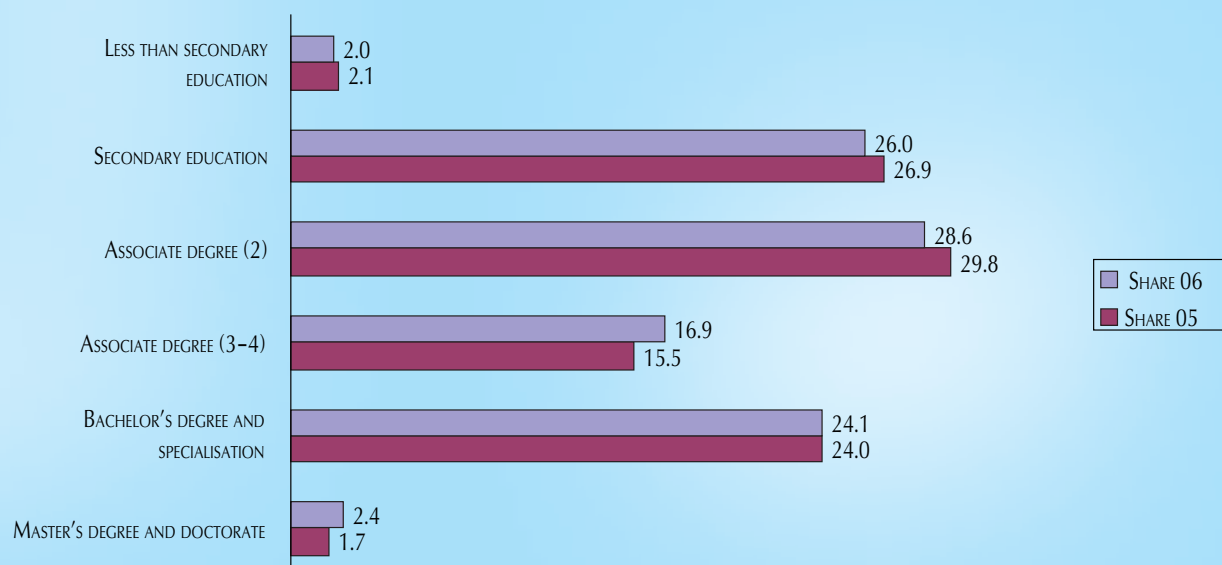
REVIEW OF ALL EMPLOYED CIVIL SERVANTS ACCORDING TO THE LEVEL OF ACTUAL EDUCATION

EDUCATION	SITUATION ON 31/12/2006	SITUATION ON 31/12/2005	INDEX 06/05	STRUCTURE IN %
DOCTORATE	2	1	200.0	0.04
MASTER'S DEGREE	62	44	140.9	1.65
SPECIALISATION	34	34	100.0	1.27
BACHELOR'S DEGREE	602	608	99.0	22.74
ASSOCIATE DEGREE (3-4)*	447	415	107.7	15.52
ASSOCIATE DEGREE (2)**	757	797	95.0	29.81
SECONDARY EDUCATION	687	718	95.7	26.85
LESS THAN SECONDARY EDUCATION	52	57	91.2	2.13
IN TOTAL	2,643	2,674	98.8	100.00

*Associate degree (3-4 years after secondary education).

**Associate degree (2 years after secondary education).

EDUCATION STRUCTURE OF EMPLOYED CIVIL SERVANTS



On the basis of monitoring the uniform human resource plan the Tax Administration according to the situation on 31/12/2006 recorded the allowed number of 2,592 civil servants and also 32 still not concluded personnel procedures for replacement employment of employed civil servants, who are included into the allowed quota.

Out of total number of employed 2,643 civil servants on 31/12/2006 there were 2,116 women (80 percent) and 527 men (20 percent). The structure of employees in comparison with 2005 is unchanged.

The average age of civil servants on 31/12/2006 was 43.1 (42.5 in 2005).

In the period from 1/1 till 31/12/2006 the Tax Administration concluded 79 employment relationships, there were 110 terminations of employment relationships (41 retirements out of this number) and 23 conclusions of employment relationships from a limited period into permanent employment contracts (9 trainees after the concluded trainee period out of this number).

In 2006 the Tax Administration's flow of employees was 4.0 percent in relation to all employed civil servants.

In 2006 eleven changes of systematisation were adopted, including the change of systematisation due to reorganisation of Dravograd and Maribor Tax Offices and partial reorganisation of Ljubljana Tax Office. Due to these systematisation changes in 2006 852 reassignments were realised (which means 452 reassignments more than in 2005), 81 out of this number due to setting up the newly organised Dravograd Tax Office, 182 due to reorganisation of Maribor Tax Office, only 12 due to partial reorganisation of Ljubljana Tax Office (other reassignments will be realised in January 2007) and other current reassignments.

In 2006 the Tax Administration was obliged to comply with 11th order of the Government of the Republic of Slovenia, which states that state administration's bodies shall check possibilities of transfers of employees from other state bodies before publishing of open competition. Due to compliance with the above-mentioned order personnel procedures even prolonged.

In the period from 1/1 till 31/12/2006 the Tax Administration published:

- 51 announcements of available job positions on the internal market; in 2006 the Tax Administration didn't realised transfers of employees from state administration bodies, who are included on the internal market;
- 51 announcements of available job positions on the internal market; in 2006 the Tax Administration concluded a permanent employment relationship with 4 candidates, who were selected on the internal competition; on 31/12/2006 5 procedures of the internal competition were still not concluded;
- 81 announcements of available job positions on the public competition; on 31/12/2006 51 public competition procedures were concluded and 24 procedures were pending. In 2006 51 candidates were selected, 41 out of this number concluded an employment relationship, 10 civil servants received employment contracts for signature, but on 31/12/2006 the conclusion of the contract was not realised;
- 7 all announcements of available job positions at the Employment Office of the RS for needs for occupation of technical job positions, 4 out of this number were already concluded; the Tax Administration in 2006 concluded employment relationships already with 4 candidates, 3 procedures were still not concluded;
- 43 all 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), 35 candidates out of this number were already selected and the employment relationship was concluded for a limited period.

In January 2006 despite amendments of the Civil Servants Act (hereinafter: ZJU), which among other things also deleted the chapter on »Evaluation and promotion of officials«, and the non-adopted implementing regulation of the Government of the RS, which will arrange this chapter separately with a decree, the evaluation procedure of officials was conducted according to provisions of the previous ZJU. In the last three years officials were evaluated for the third time, on the basis of excellent marks 262 officials were promoted into higher titles in 2006.

Provisions of the Rules on promotion of employees in the state administration are still used for regular promotion into higher salary grades. In 2006 on this basis 498 public servants were promoted into higher salary grades. Upon proposal of the Director-General in 2006 13 officials were extraordinary promoted into higher titles according to Article 120 Paragraph 5 of the ZJU.

HUMAN RESOURCE DEVELOPMENT

79 professional selection procedures were conducted from open competitions with 186 candidates at the General Tax Office and tax offices and 7 selection procedures before employment of candidates for a limited period with 24 candidates, 29 development selection interviews at internal competitions and (foreseen) reassignments, 17 individual (supervision) treatments (problems, conflicts, etc.), 13 consents were issued for conduct of analyses, use of data or contents of the organisation for preparation of bachelor's and specialist theses, 14 consents were issued for performing of business activities (incompatibility), »Evaluation of officials for promotion into titles« was conducted for 2005 and »Yearly interviews« for 2006 and the project of »Integrity plan« was initiated.

TRAINING

In the beginning of 2006 activities of the Tax Administration in the field of training were directed mainly into problems in relation to submission of tax returns and settlements, conduct of informing taxpayers in connection with problems in relation to transfer pricing. On the basis of survey questionnaires taxpayers estimated such a form of cooperation with the Tax Administration as a very positive one. In the second quarter training activities referred mainly to changes in the tax legislation, accountancy standards and tax procedure.

In the second half of the year an extensive training on international agreements on avoidance of double taxation was conducted because with the adoption of the system of taxation according to the worldwide income the knowing of these agreements has become very important for taxpayers as well as for Tax Administration's employees. Also the field of European court practice was included into the training programme for the first time. Towards the end of the year the Tax Administration started preparing also very successful workshops of analysis of balance sheets, which will continue into 2007. There were also many workshops, which were prepared by civil servants themselves for individual work fields and which were executed for civil servants of tax offices, who come across certain problems. The Tax Administration concluded the year of 2006 with three massively attended seminars for taxpayers about changes at the submission of data for assessment of personal income tax for 2006, which were also covered in the media and which were qualitatively conducted by Tax Administration's lecturers.

At the preparation and execution of training activities with external lecturers in all cases selection of providers was conducted in accordance with the Public Procurement Act in a way that the most favourable offer was chosen among several ones.

Training activities took place mainly on two locations, i.e. at the General Tax Office in Ljubljana in the large lecture room on the ground floor, two meeting rooms and computer study rooms and in the lecture room in Maribor.

Due to very intensive changes in the field of tax legislation training needs constantly increase, especially in target groups, working tasks of which refer to any form of supervision.

In 2006 also the extent of work increased in the field of international cooperation, mainly in the field of more intensive cooperation of the Tax Administration with Fiscalis programme. The number of seminars, which are organised by Member States, increased and consequently also the number of our participants. In relation to the previous year the number of applicants for exchanges also increased, civil servants of the Tax Administration as well as participants from foreign tax administrations, who would like to come to exchanges in Slovenia.

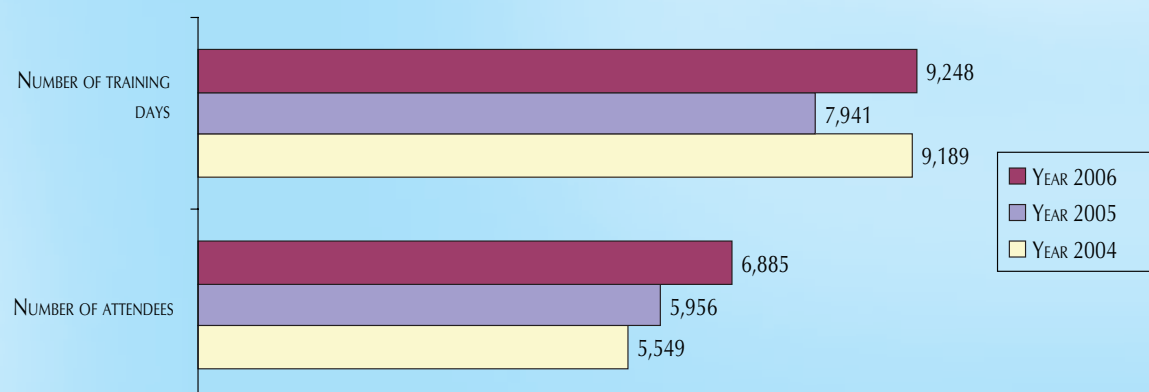
Activities in the field of professional exams were conducted similarly as in previous periods. Civil servants passed professional exams for appointment to title and professional exams in administrative functioning, exams in management and decision-making in the offence procedure and special professional exams for the tax inspector and tax enforcement servant. In 2006 144 civil servants successfully passed various professional exams (professional exam for appointment to title, professional exam for the tax inspector and tax enforcement servant, professional exam in the administrative procedure, offence procedure, administrative functioning).

Due to the fact that MFERAC applications in the training field don't enable classification of data according to some parameters, which are necessary for reporting, there is still plenty of manual work at the preparation of reports despite the programme support of training records. Records on professional exams, which were passed by civil servants in previous years, were also not arranged and harmonised. This is the reason why in November appropriate databases were prepared manually, so that the transfer into the uniform MFERAC base was conducted and that this field is now arranged transparently.

In 2006 69.8 million tolar were used for training at the Tax Administration.

In 2006 there were 6,885 attendees at various seminars and workshops, which is 15.6 percent more than in the year before. The number of training days was 9,248, which is 16.5 percent more than in the year before. The Tax Administration had in 2006 on average 3.5 training days per employed civil servant, which is 16.7 percent more than in the year before.

NUMBER OF ATTENDEES AND TRAINING DAYS



INFORMATION SOURCES

The Tax Administration uses modern technologies and updated information sources at the support to training and work process. Wide information, documentation and library activities enable employed experts on-line accesses and use of e-services.

In 2006 in the field of information and library services with the aim of good performance in the virtual environment a complex market analysis was conducted, on the basis of which appropriate e-information sources and databases were selected and purchased. Numerous testings and training of users – civil servants employed at the Tax Administration - were conducted for the application of the above-mentioned sources.

Trends of development and new legislation resulted in the purchase of new information systems and databases, so that the existing base increased with the following bases: Amadeus, credit base of the company I, Ltd., Tax-Fin-Lex, Register of supplementary activities at farms, base for the access to data about type approval, base of land survey data, Register of motor vehicles, etc.

At the same time activities took place for acquisition and submission of passwords for the access to above-mentioned bases; employed civil servants were serviced also individually – in person, by telephone or e-mail. In this way the trend of personal advising for the use of e-information sources developed, which is known all around the world.

The field of information and library services actively participated in the work of support to the Tax Administration as the offence body – for which professional subfields and passwords within the Tax Administration's forum were created.

In 2006 the central ordering of printed information sources was conducted. Rationalisation of costs for purchase of domestic and foreign newspapers and magazines decreased them to a minimum, savings were allocated for purchase of e-information sources. With updated and new topics the Intranet has become a basic tool and »work space« for the whole Tax Administration with many internal units on different locations.

TAX INFORMATION SYSTEM

At the development of internet-based services for taxpayers the Tax Administration adjusted the system to changes of tax legislation. Automatic integration of REK forms was conducted with DPx legacy system, which at 10,000 REK forms on average, which the Tax Administration monthly receives via eDavki, means a considerable saving at the work of controllers. eDavki system was renovated also in the fields of hardware and system software, with which the normal submission of tax forms was enabled also in the peak time for all taxpayers.

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 the Tax Administration was less successful at the introduction and supervision over changes.

In the last part of the year the Tax Administration intensively participated in preparation of the new programme solution for the submission of control data for personal income tax. A considerable move was made with the introduction of submission of control data via the open portal of eDavki system, which includes all substantive controls at the preparation of data of payers.

The transfer to euro was conducted at all systems, which was a very demanding project organisationally because it required cooperation of all users and all external providers of information services at the Tax Administration.

VIES system was renovated, so that the Tax Administration no longer depends on the environment of the previous version, which was difficult to manage. The external provider ensured a high level of support, so that VIES system remains one of the more qualitative systems for the exchange of data about persons liable for VAT in the EU.

Accountancy VAT record was for the first time concluded in IDIS application and final reports were prepared and later monthly accountancy reports. The application is adjusted to legal changes. It started with the preparation of support for real estate sales tax.

The project of Virtual Tax Assistant (VIDA), which was a very demanding one from the point of view of system setting up, was also conducted. Integrated development environment was set up for users, who were in this way able to contribute an important share to development.

In this year the foundation was established for the new tax information system. Starting points for purchase of the new information system were completely changed. The foundation of new starting points is in the strategic plan of IT development in the Tax Administration, which was prepared in 2006. The new starting point is purchase of the product, which completely (with the exception of tax register and VIES system) covers tax operations. Complete investment documentation was also prepared, from which it is evident that the investment (approximately 20 million EUR) will be repaid in seven years. The Tax Administration also started to prepare tender documentation for the new system (mainly business and technical requirements for the new system, which are based on the strategic plan of IT).

In the field of tax register hardware was changed and the transfer to a higher version of data server was conducted. From the substantive point of view a qualitative external provider promptly fulfilled requirements of users.

In 2006 the operational part and support to users received almost 10,000 telephone calls and they processed approximately 3,700 electronic messages. Training of users – controllers for eDavki system (eTaxes) was conducted. eDavki system was presented to several external institutions.

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 conducted.

Area policies were prepared in the field of information security, which cover areas of security policies, organisation of information security, classification and supervision over property, including also other tasks, e.g. setting up the system for reporting and responding to security incidents and safe use of the Internet and e-mail.

SPPS environment was established as a pilot, which will serve in 2007 as the foundation for the renovation of the Intranet. The tool was used for management and coordination of projects with a large number of participants. The results of this work are very stimulative.

Defined backup procedures were implemented.

In 2005 hardware and system software were purchased in accordance with plans. Maintenance upgrade of system for asset management at the Tax Administration was executed.

Substantive requirements were prepared for some large tenders (RRC, eDavki, IDIS, publishing of forms) as well as about 20 minor tenders, which were all successfully concluded.

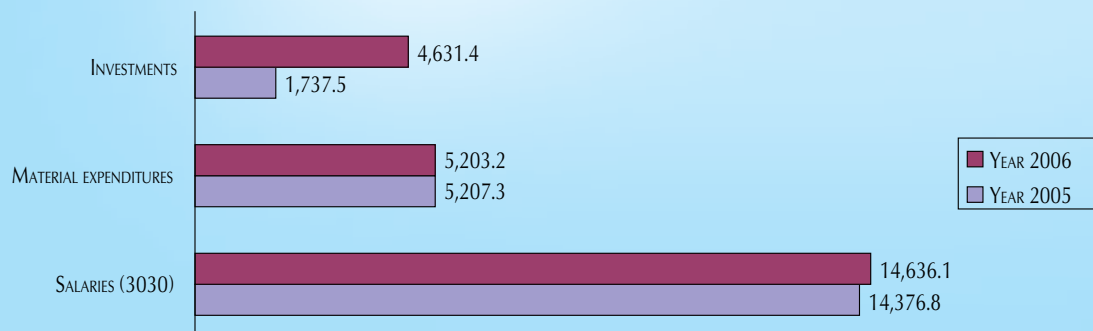
EXPENDITURES OF THE TAX ADMINISTRATION

For financing of basic tasks, its own business activities and investment projects within the subprogramme 02041601 – tax administration in 2006 the Tax Administration had approved funds in the financial plan in the amount of 22,247.0 million tolar. Funds of the valid financial plan achieved 24,658.8 million tolar. 24,470.7 million tolar were used, which is 10.0 percent more than the adopted financial plan, 0.8 percent less than the valid financial plan and 14.8 percent more than in the year before.

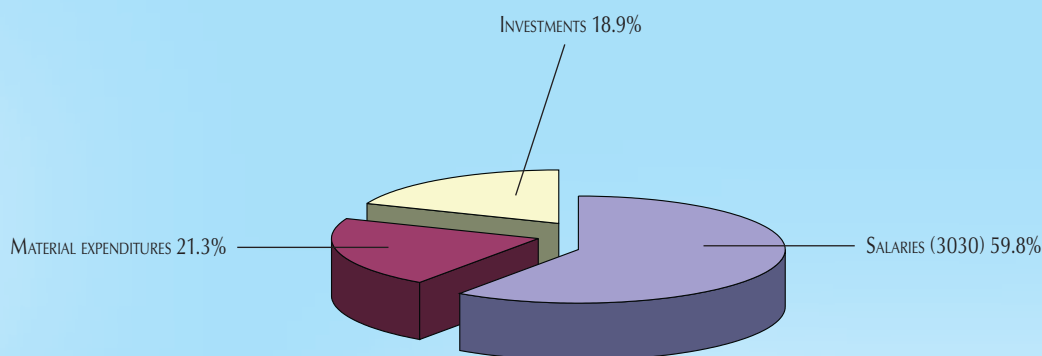
REALISATION OF THE FINANCIAL PLAN IN 2006 (IN SITM)

No.	TYPES OF EXPENDITURES / BUDGET ITEMS	ADOPTED FINANCIAL PLAN FOR 2006	VALID FINANCIAL PLAN FOR 2006	REALISATION OF SPENDING IN 2006	INDEX REALISA- TION / ADOPTED FINANCIAL PLAN	INDEX REALISA- TION / VALID FINANCIAL PLAN	REALISATION OF SPENDING IN 2005	INDEX 06/05
1.	SALARIES (3030)	14,780.0	14,667.7	14,636.1	99.0	99.8	14,376.8	101.8
2.1.	MATERIAL EXPENDITURES – REGULAR ACTIVITIES (3354)	4,087.8	4,875.3	4,842.3	118.5	99.3	4,858.0	99.7
2.2.	MATERIAL EXPENDITURES – COLLECTION OF INCOMES FOR OTHER USERS (283)	120.0	348.7	302.2	251.8	86.6	287.3	105.2
2.3.	COOPERATION AND COMMUNICATION WITH TAXPAYERS (126)	0.0	0.0	0.0	-	0.0	2.1	0.0
2.4.	IMMOVABLE PROPERTY – FUNDS FROM RENTS (7791 – MS)	12.4	23.5	0.0	0.0	0.0	0.0	-
2.5.	TRANSPORT VEHICLES – FUNDS FROM CEOMPENSATIONS (8899)	0.0	0.8	0.2	-	23.6	2.2	8.5
2.6.	ITS OWN BUSINESS ACTIVITIES – PAYMENT OF VAT (787)	0.0	86.8	58.6	-	67.5	57.7	101.5
2.	MATERIAL EXPENDITURES – IN TOTAL (2.1 + 2.2. + 2.3. + 2.4. + 2.5. + 2.6.)	4,220.2	5,335.1	5,203.2	123.3	97.5	5,207.3	99.9
3.	INVESTMENTS (2848)	2,871.8	4,654.5	4,631.4	161.3	99.5	1,668.4	277.6
4.	SALARIES, MATERIAL EXPENDITURES AND INVESTMENTS – IN TOTAL (1. + 2. + 3.)	21,872.0	24,657.3	24,470.7	111.9	99.2	21,252.6	115.1
5.	FUNDS FROM THE SALE OF STATE PROPERTY (8619)	374.9	1.5	0.0	0.0	0.0	69.1	0.0
6.	IMMOVABLE PROPERTY – FUNDS FROM RENTS (7791 – INV)	0.0	0.0	0.0	-	-	0.0	-
7.	FUNDS - IN TOTAL (4. + 5. + 6.)	22,247.0	24,658.8	24,470.7	110.0	99.2	21,321.7	114.8

FUNDS USED IN 2006 AND 2005 (SITM)



STRUCTURE OF FUNDS USED IN 2006



In 2006 14,636.1 million tolars were used for salaries of employed civil servants, which is 1.0 percent less than the adopted financial plan, 0.2 percent less than the valid financial plan and 1.8 percent more than in the year before. 5,203.2 million tolars were used for financing of material expenditures of regular and its own business activities, which is 23.3 percent more than the adopted financial plan, 2.5 percent less than the valid financial plan and 0.1 percent less than in the year before. 4,631.4 million tolars were used for financing of investments, including financial rents of business premises and equipment, which is 61.3 percent more than the adopted financial plan, 0.5 percent less than the valid financial plan and 177.6 percent more than in the year before.

In the adopted budget for 2006 funds for salaries of Tax Administration's civil servants were approved in the amount of 14,780.0 million tolars. Funds of the valid budget on the salary item – 3030 were in 2006 decreased for 112.3 million tolars and achieved 14,667.7 million tolars.

Funds for salaries in 2006 in the amount of 14,636.1 million tolars were used for 2,643 employed civil servants on 31/12/2006 (2,563 out of this number with permanent employment contracts and 80 employed for a limited period).

**FUNDS USED FOR SALARIES
(IN SITM)**

ACCOUNT/NAME OF THE ACCOUNT	BUDGET IN FORCE	SPENDING 2006	STRUCTURE IN %	INDEX SPENDING / BUDGET IN FORCE	SPENDING 2005	STRUCTURE IN %	INDEX 06/05
4000 SALARIES AND ALLOWANCES	10,467.0	10,449.1	71.4	99.8	10,197.0	70.9	102.5
4001 HOLIDAY ALLOWANCE	400.3	400.1	2.7	100.0	394.6	2.7	101.4
4002 REPAYMENTS AND COMPENSATIONS	1,001.8	997.5	6.8	99.6	965.2	6.7	103.3
4003 FUNDS FOR WORK PERFORMANCE	224.9	224.9	1.5	100.0	220.7	1.5	101.9
4004 OVERTIME WORK	39.0	38.9	0.3	99.8	24.5	0.2	159.0
4009 OTHER EXPENDITURES FOR EMPLOYEES	75.5	74.4	0.5	98.5	78.2	0.5	95.1
4010 CONTRIBUTION FOR PENSION AND DISABILITY INSURANCE	950.3	943.3	6.4	99.3	926.2	6.4	101.8
4011 CONTRIBUTION FOR HEALTH INSURANCE	761.7	761.7	5.2	100.0	742.0	5.2	102.7
4012 CONTRIBUTION FOR EMPLOYMENT	6.8	6.4	0.0	94.6	6.3	0.0	102.7
4013 CONTRIBUTION FOR MATERNITY SECURITY	11.4	10.7	0.1	94.6	10.5	0.1	102.7
4015 PREMIUMS OF COLLECTIVE ADDITIONAL PENSION AND DISABILITY INSURANCE	237.9	237.8	1.6	100.0	233.3	1.6	101.9
4028 TAX ON SALARIES PAID	491.2	491.2	3.4	100.0	578.4	4.0	84.9
IN TOTAL (1-12)	14,667.7	14,636.1	100.0	99.8	14,376.8	100.0	101.8

In 2006 the Tax Administration realised expenditures for salaries and allowances in the amount of 10,449.1 million tolar. The amount includes 1.2 percent growth of basic salaries on the basis of the Agreement on the level and harmonisation method of basic salaries and the level of holiday allowance for 2006 and 2007.

Funds for holiday allowance were paid to 2,676 civil servants in the share of 100 percent of the amount according to the above-mentioned agreement and to 54 employees in the proportional share. Funds were paid in accordance with the level, stated in the above-mentioned agreement, i.e. in the share of 100 percent – 149.0 thousand tolar and the proportional share in the amount of 91.1 thousand tolar.

Repayments and compensations for meals and transport were realised in the amount of 997.5 million tolar, 386.6 million tolar out of this number for repayments of costs for meals and 610.8 million tolar for repayments of costs for transport or 2.0 percent more than rights to use in the adopted budget and which were provided as a whole by the Tax Administration with reallocation of funds within the financial plan. Repayments and compensations for meals and transport were paid in accordance with implementation of the Decree on repayment of costs for transport to 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 in the total amount of 224.9 million tolar, which is harmonised with the level, stated in accordance with the order of the Government of the Republic of Slovenia.

Other expenditures for employees (jubilee awards) were paid in the total amount of 21.9 million tolar to 230 civil servants: to 58 entitled persons out of this number for 10 years of service, to 103 entitled persons for 20 years of service and to 69 entitled persons for 30 years of service, to 83 employees for solidarity in the total amount of 10.5 million tolar and to 31 entitled persons for severance pays due to retirement in the total amount of 42.0 million tolar. Funds were paid in valid amounts.

Overtime work was realised in the amount of 38.9 million tolar or 35.1 percent more than rights to use in the adopted budget and which were provided as a whole by the Tax

Administration with reallocation of funds within the financial plan. Larger use of funds for overtime work than the planned one is a consequence of the increased number of performed overtime hours in the field of control and assessment – mainly personal income tax and other taxes, which was a reflection of consequences of legislation changes in 2006. With the increased number of performed overtime hours employees were able to achieve set plans and goals of work in control and assessment.

Every month the Tax Administration 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).

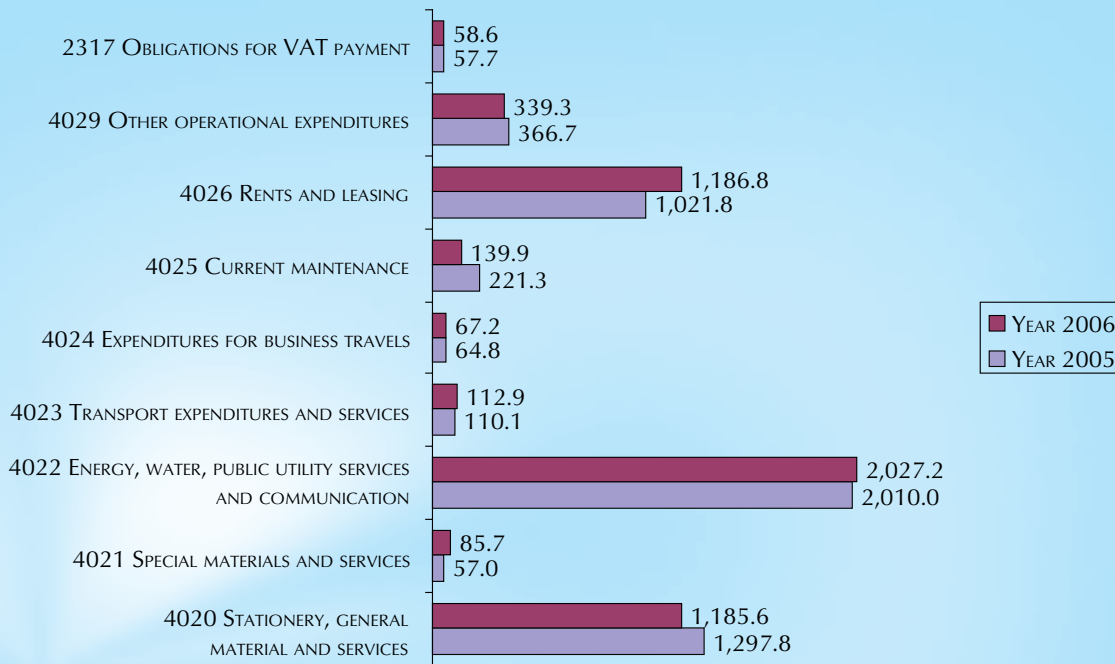
For financing of material expenditures 4,220.2 million tolar were planned in total in the adopted budget, 4,087.8 million tolar out of this number on the budget item 3354 – Material expenditures, 120.0 million tolar on the assigned item 283 – Collection of taxes for other users and 12.4 million tolar on the assigned item 7791 – Immovable property – funds from rent. Funds of the valid financial plan according to the above-mentioned items and on the item 787 – Its own business activities – VAT payment reached 5,335.1 million tolar and they were higher than the adopted financial plan for 1,114.9 million tolar.

5,203.2 million tolar were used for material expenditures. They were financed from the budget item 3354 – Material expenditures in the amount of 4,842.3 million tolar, which is 93.3 percent of all material expenditures; they were financed from flows, established with collection of incomes for other users (assigned item 283 – Collection of incomes for other users) in the amount of 302.2 million tolar, which is 5.5 percent of all material expenditures; and they were financed from flows, established with our own business activities of collection of incomes for other users on items 787 – Its own business activities – VAT payment for payment of the value added tax of these activities and 8899 – Transport funds – Indemnity costs in the amount of 58.8 million tolar, which is 1.2 percent of all material expenditures.

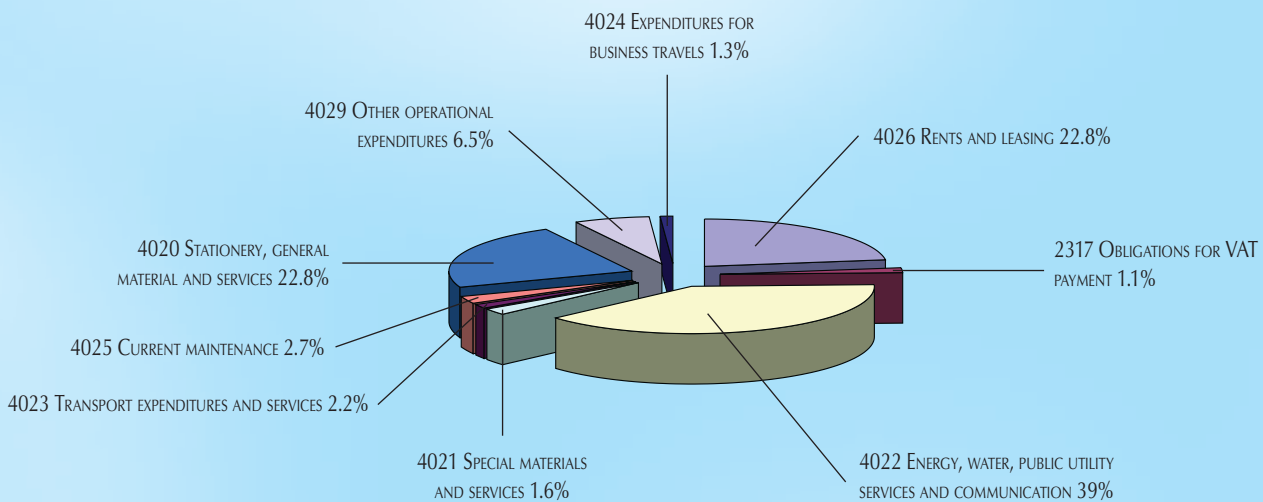
FUNDS USED FOR MATERIAL EXPENDITURES (SITM)

ACCOUNT – TYPE OF EXPENDITURES	SPENDING 3354			SPENDING 283			SPENDING (126 AND ASSIGNED BUDGET ITEMS)			SPENDING (MATERIAL EXPENDITURES – IN TOTAL)		
	2006	2005	INDEKS 06/05	2006	2005	INDEKS 06/05	2006	2005	INDEKS 06/05	2006	2005	INDEKS 06/05
4020 STATIONERY AND GENERAL MATERIAL AND SERVICES	1,185.6	1,279.1	92.7	0.0	18.7	0.0	0.0	0.0	0.0	1,185.6	1,297.8	91.4
4021 SPECIAL MATERIAL AND SERVICES	85.7	50.0	171.4	0.0	7.0	0.0	0.0	0.0	0.0	85.7	57.0	150.3
4022 ENERGY, WATER, PUBLIC UTILITY SERVICES AND COMMUNICATIONS	1,731.0	1,760.5	98.3	296.2	247.7	119.6	0.0	1.9	0.0	2,027.2	2,010.0	100.9
4023 TRANSPORT EXPENDITURES AND SERVICES	112.7	108.0	104.4	0.0	0.0	0.0	0.2	2.2	8.5	112.9	110.1	102.5
4024 EXPENDITURES FOR BUSINESS TRAVELS	67.2	64.8	103.7	0.0	0.0	0.0	0.0	0.0	0.0	67.2	64.8	103.7
4025 CURRENT MAINTENANCE	139.9	221.3	63.2	0.0	0.0	0.0	0.0	0.0	0.0	139.9	221.3	63.2
4026 RENTS AND LEASING	1,180.8	1,013.6	116.5	5.9	8.3	71.7	0.0	0.0	0.0	1,186.8	1,021.8	116.1
4029 OTHER OPERATIONAL EXPENDITURES	339.3	360.8	94.0	0.0	5.6	0.0	0.0	0.3	0.0	339.3	366.7	92.5
2317 OBLIGATIONS FOR VAT PAYMENT	0.0	0.0	0.0	0.0	0.0	0.0	58.6	57.7	101.5	58.6	57.7	101.5
IN TOTAL	4,842.3	4,858.0	99.7	302.2	287.3	105.2	58.8	62.1	94.6	5,203.2	5,207.4	99.9

FUNDS USED FOR MATERIAL EXPENDITURES ACCORDING TO SOURCES IN 2006 AND 2005 (IN SITM)



STRUCTURE OF SPENDING – MATERIAL EXPENDITURES IN 2006 ACCORDING TO SOURCES OF FUNDS

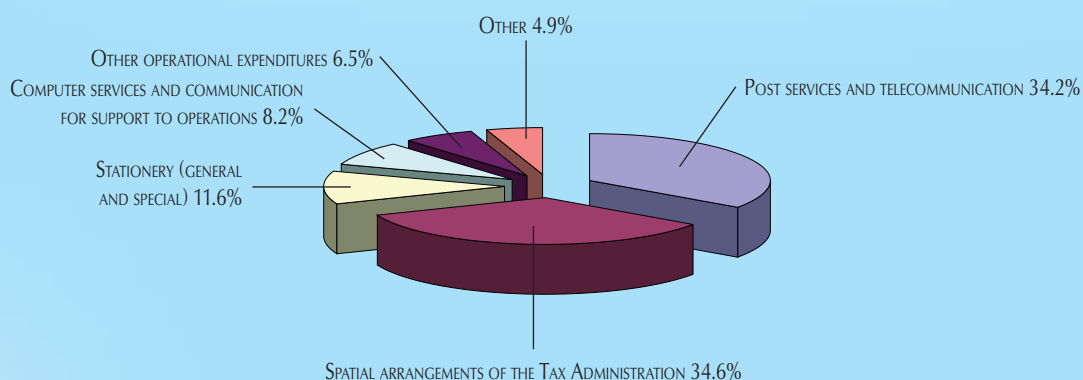


Expenditures of spatial arrangements of the Tax Administration had the share of 34.6 percent in material expenditures: rents and leasing of business premises had the share of 22.8 percent and operating expenditures for business premises 11.7 percent (cleaning 4.0 percent, security 2.2 percent, heating 2.1 percent, electricity 2.1 percent, current maintenance and insurance 0.8 percent, and public utility services 0.5 percent).

Expenditures for post and telecommunication services had the share of 34.2 percent (31.1 percent for post services and 3.1 percent for telecommunication services for support to business activities). 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 11.6 percent. Computer services within the project 1612-06-0008-OPU – operational part and support to users and expenditures for communication for support to business activities had the share of 8.2 percent. Other operational expenditures

(payments 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 6.5 percent.

STRUCTURE OF USED MATERIAL EXPENDITURES IN 2006 ACCORDING TO PURPOSE



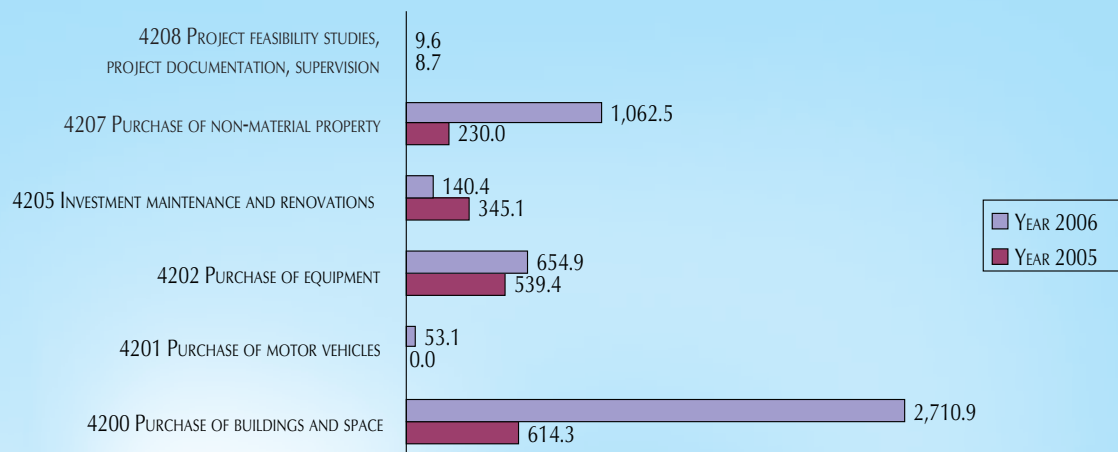
Other expenditures in connection with financing of expenditures for business travels in the Republic of Slovenia and abroad, for transport expenditures, for maintenance and repairs of vehicles, for vehicle registration fees and insurance premiums, for current maintenance of equipment and obligations in connection with VAT settlement in total had the share of 4.9 percent.

4,631.4 million tolar were used for investments and they were completely financed from funds on the budget item 2848 - Investments and investment maintenance. Funds for financing of investment expenditures were approved in the adopted budget on the budget item 2848 - Investments and investment maintenance in the amount of 2,871.8 million tolar, funds of the valid financial plan on the above-mentioned budget item reached 4,654.5 million tolar and they were higher for 1,782.7 million tolar in connection with additionally reallocated rights to use according to Article 42 of the ZJF and Article 17 of the ZIPRS0607 for the purpose of redemption of business premises in Maribor and decreased rights to use according to Article 15 of the ZIPRS0607.

FUNDS USED FOR INVESTMENTS (IN SITM)

ACCOUNT	ITEM 2848			ITEM 8619			INVESTMENTS – IN TOTAL		
	2006	2005	INDEX 06/05	2006	2005	INDEX 06/05	2006	2005	INDEX 06/05
4200 PURCHASE OF BUILDINGS AND SPACE	2,710.9	598.3	453.1	0.0	16.0	0.0	2,710.9	614.3	441.3
4201 PURCHASE OF MOTOR VEHICLES	53.1	0.0	0.0	0.0	0.0	0.0	53.1	0.0	0.0
4202 PURCHASE OF EQUIPMENT	654.9	539.4	121.4	0.0	0.0	0.0	654.9	539.4	121.4
4205 INVESTMENT MAINTENANCE AND RENOVATIONS	140.4	294.6	47.7	0.0	50.5	0.0	140.4	345.1	40.7
4207 PURCHASE OF NON-MATERIAL PROPERTY	1,062.5	230.0	462.0	0.0	0.0	0.0	1,062.5	230.0	462.0
4208 PROJECT FEASIBILITY STUDIES, PROJECT DOCUMENTATION, SUPERVISION	9.6	6.2	154.6	0.0	2.5	0.0	9.6	8.7	110.9
IN TOTAL	4,631.4	1,668.4	277.6	0.0	69.0	0.0	4,631.4	1,737.4	266.6

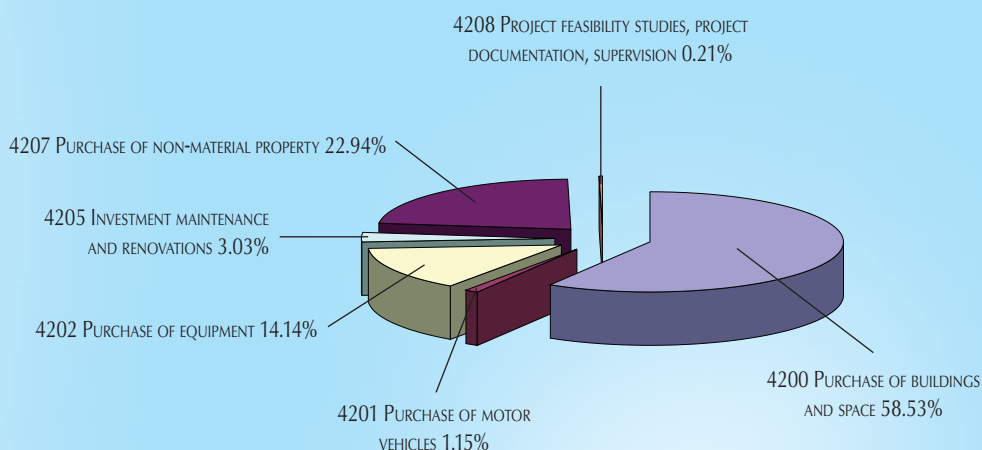
FUNDS USED FOR INVESTMENTS IN 2006 AND 2005 (SITM)



In 2006 within the valid plan of development programmes the Tax Administration financed projects from the above-mentioned sources in the amount of 4,631.4 million tolars (from the field of IT plan in the amount of 1,483.8 million tolars and projects from the field of planning of purchases and building, including financial leasing of business premises and equipment in the amount of 3,147.6 million tolars).

Purchase of buildings and space had the share of 58.5 percent in the structure of all investment expenditures (45.4 percent out of this share for purchase of business premises in Maribor and 13.1 percent for financial leasing of business premises). Then there is purchase of licenses for the needs of IT implementation of the Tax Administration of the RS with the share of 22.9 percent.

STRUCTURE OF FUNDS USED FOR INVESTMENTS AND INVESTMENT MAINTENANCE



SUPERVISION OVER TAX ADMINISTRATION WORK

The supervision over Tax Administration work is conducted in the form of internal and external supervision.

INTERNAL SUPERVISION

Conduct of two regular supervision cases was planned, but it wasn't realised due to considerable increase of indirect extraordinary supervision cases, which are considered as a high priority. This is the reason why in 2006 only transferred regular supervision in the field of tax enforcement procedures was concluded.

On the basis of information, which the department received from various sources, 9 extraordinary direct supervision cases were conducted, where the legality of conduct or compliance with the Code of ethics were mainly established for a concrete tax civil servant.

In 2006 the Tax Administration received 404 comments and 369 cases of praise from taxpayers. In comparison with 2005 the number of comments increased for 51.9 percent and the number of cases of praise for 78.3 percent. 96 percent of the received comments were resolved in the same year.

NUMBER OF RECEIVED COMMENTS AND CASES OF PRAISE

	COMMENTS – IN TOTAL						CASES OF PRAISE
	CODE OF ETHICS	ACCOUNTANCY AND ENFORCEMENT	AUDITING	PERSONAL INCOME TAX	OTHER	IN TOTAL	
2006	59	101	42	87	115	404	369
STRUCTURE IN %	14.6	25.0	10.4	21.5	28.5	100.0	
2005	58	65	26	26	91	266	207
STRUCTURE IN %	21.8	24.4	9.8	9.8	34.2	100.0	
INDEX 06/05	101.7	155.4	162	334.6	126.4	151.9	178.3

As in previous years the largest number of comments according to the stated field is connected with accountancy and enforcement (25.0 percent), then there is personal income tax (21.5 percent of all), »Code of ethics« (14.6 percent of all) and auditing (10.4 percent of all). In comparison with 2005 the share of comments from the field of personal income tax increased considerably (from 9.8 to 21.5 percent of all).

Out of 388 resolved comments there were 16.7 percent justified, 11.8 percent partially justified and 54.6 percent not justified. Other includes those comments, where classification is not possible. In comparison with 2005 the share of justified comments increased (from 11.0 to 16.7 percent), the share of partially justified comments decreased (from 16.0 to 11.8 percent), the total share of justified and partially justified comments remained unchanged (28.5 percent). The share of non-justified comments decreased (from 62.0 to 54.6 percent).

The reason for worse indicators (increase of received comments, more justified comments) is exactly in a larger share of comments in the field of personal income tax, which is a consequence of problems at assessment of personal income tax in this year.

EXTERNAL SUPERVISION

Direct and indirect external supervision in 2006 was conducted by: the Court of Audit of the RS (audit of the budget for 2005), external auditor – pursuant to the contract (audit of the EDP project) and Administrative Inspection (consideration of individual cases).



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