

## Slovenia

### LAW ON THE PROMOTION OF INVESTMENTS (ZSINV) (2018)

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Warning: The unofficial consolidated text of the regulation is only an informative working tool for which the authority does not guarantee compensation or otherwise.

The unofficial consolidated text of the Investment Promotion Act includes:

- Investment Promotion Act – ZSInv (Official Gazette of the Republic of Slovenia, No. 13/18 of 28/02/2018),
- Act on Amendments to the Investment Promotion Act – ZSInv-A (Official Gazette of the Republic of Slovenia, No. 204/21 of 28/12/2021),

- Act on Amendments to the Investment Promotion Act – ZSInv-B (Official Gazette of the Republic of Slovenia, No. 29/22 of 4.3.2022),

- Act on Amendments to the Investment Promotion Act – ZSInv-C (Official Gazette of the Republic of Slovenia, No. 65/23 of 17/06/2023),

- Act on Amendments to the Investment Promotion Act – ZSInv-D (Official Gazette of the Republic of Slovenia, No. 31/24 of 9.4.2024).

# LAW ON THE PROMOTION OF INVESTMENTS (ZSINV)

(Unofficial consolidated text No 4)

## I. GENERAL PROVISIONS

### Article 1 (content of the Act)

This Act lays down the forms of investment incentives, the conditions, criteria and procedure for granting investment incentives, activities to promote investment and the internationalisation of companies, as well as the procedure for the notification and screening of foreign direct investments and the competent authorities for the implementation of Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments in the Union (OJ L No 791 of 21.3.2019, Str. 1), as last amended by Commission Delegated Regulation (EU) 2021/2126 of 29 September 2021 amending the Annex to Regulation (EU) 2019/452 of the European Parliament and of the Council establishing a framework for the screening of foreign direct investments into the Union (OJ L No 432 of 3.12.2021, p. 1) ('Regulation 2019/452/EU').

### Article 2 (meaning of terms)

The individual terms used in this Act shall have the following meanings:

- investment is an investment in tangible and intangible assets relating to the establishment of a new company, the expansion of the capacity of an existing company, the diversification of the company's production into new products that were not previously produced in the company, or significant changes in the entire production process of the company in the territory of the Republic of Slovenia, or in eligible costs for which the granting of state aid for research and development is permitted, and innovation under this Act and in accordance with Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L No 187 of 26.6.2014, p. 1), as last amended by Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty and of Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L No 167, 30.6.2023, p. 1) (hereinafter: Regulation 651/2014/EU),

- R&D and innovation investments means investments in research and development projects, innovation for small or medium-sized enterprises, construction or modernisation of research infrastructures, organisational or process innovation or innovation clusters as defined in Regulation 651/2014/EU,
- service activities are services that are marketed in the territory of the Republic of Slovenia and in at least two other countries,
- an investment for the purposes of a new economic activity is an investment in tangible and intangible assets relating to the creation of a new company or the diversification of the activities of the company, provided that the new activity is not identical or similar to the activity already carried out by the company,
- the same or similar activity is an activity covered by the same class (four-digit numerical code) of the statistical classification of economic activities NACE Revision 2 as defined in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393 of 30.12.2006, p. 1),
- an investor (hereinafter: an investor) is a domestic or foreign legal entity that invests in a company in the territory of the Republic of Slovenia,
- the recipient of the investment incentive (hereinafter: the recipient of the incentive) is a company that is registered in the Republic of Slovenia at the time of payment of the incentive, where the investment will be carried out,
- the holder of a strategic investment (hereinafter: the holder of a strategic investment) is a company registered in the Republic of Slovenia where the strategic investment is to be carried out,
- completion of the investment means that the works are completed and the investment is carried out in the amount, scope and time specified in the incentive agreement,
- transfer is the transfer of the same or a similar activity or part thereof from a company in one Contracting Party to the EEA Agreement (the initial company) to a company in the other Contracting Party to the EEA Agreement in which the investment receiving the incentive is carried out. A transfer occurs if the product or service in the start-up company and the company receiving the incentive serves at least part of the same purpose or meets the requirements or needs of the same type of customer, and there is also a loss of jobs in the same or similar activity in one of the initial companies of the investor in the EEA,
- a third country is a country that is not an EU Member State,
- foreign direct investment is an investment made by a foreign investor and the purpose of which is to establish or maintain permanent and direct and direct links between a foreign investor and a company with its registered office in the Republic of Slovenia, with the first and any subsequent direct or indirect acquisition of at least 10% of the share capital or voting rights,

- a foreign investor is a third-country national or a legal entity established in a third country that intends to make a foreign direct investment in the Republic of Slovenia or has already done so; a foreign investor is also a third-country national or a legal entity with its registered office in a third country that directly or indirectly holds at least 10% of the capital or voting rights in a legal entity with its registered office in an EU Member State and intends to make a foreign direct investment in the Republic of Slovenia or has already done so,
- the final investor is a third-country national or a legal person established in a third country which holds, directly or indirectly, at least 10 % of the capital or voting rights in the foreign investor,
- a company is a legal person organised in one of the forms provided for by the law governing companies, including a branch of a foreign company,
- a branch of a foreign company is a branch of a legal entity that performs a gainful activity and has its registered office outside the Republic of Slovenia in an EU Member State,
- commencement of the implementation of the investment means the commencement of construction works within the framework of the investment or the first legally binding commitment for the procurement of equipment or any other commitment as a result of which the investment can no longer be cancelled if it starts before the start of the construction works. The purchase of land and preparatory work (e.g. obtaining permits, carrying out preliminary feasibility studies) shall not be considered as the start of the investment.

## **II. FORMS, CONDITIONS AND CRITERIA FOR GRANTING INVESTMENT INCENTIVES**

### **Article 3 (forms of investment incentives)**

(1) Investment incentives ('incentives') may take the form of:

-Subsidies

- a loan, a guarantee and an interest rate subsidy, and
- purchase of property owned by a self-governing local community at a price lower than the market price.

(2) The incentives referred to in the previous paragraph shall have the character of regional State aid or investment aid for small and medium-sized enterprises or State aid for research and development and innovation granted under this Law on the basis of Regulation 651/2014/EU and, in the case of regional aid, the Regulation governing the regional map.

(3) Funds for subsidies shall be provided in the budget of the Republic of Slovenia and from other domestic and international sources.

### **Article 4 (conditions for granting incentives)**

(1) Incentives shall be granted if the investment meets the following conditions:

The value of the investment is:

- from EUR 1,000,000 to EUR 12,000,000 in manufacturing, where the investment in machinery and equipment represents at least 50% of the value of the investment,

- between EUR 500,000 and EUR 3,000,000 in service activities, where the investment in machinery and equipment represents at least 50% of the value of the investment,
  - from EUR 500,000 to EUR 2,000,000 in research and development, where the investment in machinery and equipment represents at least 50% of the value of the investment,
2. that the recipient of the incentive maintains at least the average number of employees from the period of the last 12 months prior to the month of submission of the application during the period of retention of the investment,
  3. that the value added per employee in the recipient of the incentive is higher than the value added per employee in the recipient of the incentive in the financial year preceding the year of submission of the application,
  4. that the intended construction of facilities for the implementation of the investment is determined in a location that is in accordance with the spatial act, which is evident from the attached opinion of the self-governing local community,
  5. that the investment meets the minimum threshold of the number of points based on the assessment of the investment according to the criteria referred to in the first paragraph of Article 5 of this Act and has a positive impact on the region in which the investment will be carried out from an economic, environmental, spatial and social point of view,
  6. that the economic, financial, technical, spatial and technological feasibility and justification of the investment have been demonstrated for the investment,
  7. that the investment does not start before the application for the grant of the incentive is submitted, and
  8. that the investment is completed no later than three years from the commencement of the investment, with the possibility of extension if the investor proves the existence of justified reasons (e.g. war, natural disaster, epidemic) due to which the investor could not complete the investment within this period.

(2) An investment shall be deemed to make a significant contribution to the development of the Slovenian economy if, in addition to the conditions set out in points 4, 5, 6, 7 and 8 of the preceding paragraph, it also fulfils the following conditions:

1. that the minimum value of the investment is:
  - EUR 12,000,000 in manufacturing, where the investment in machinery and equipment represents at least 50% of the value of the investment,
  - EUR 3,000,000 in service activities, where the investment in machinery and equipment represents at least 50% of the value of the investment,
  - EUR 2,000,000 in R&D activities and where the investment in machinery and equipment represents at least 50% of the value of the investment,
2. to create and fill at least the following number of new jobs in the recipient of the incentive no later than three years after the completion of the investment:
  - 25 in manufacturing, of which at least 5 are highly qualified,
  - 20 in service activities, of which at least 5 are highly qualified,
  - 10 in R&D, of which at least 5 are highly qualified, and

3. that the value added per employee in the recipient of the incentive is higher than the average value added per employee in the activity in the Republic of Slovenia in which the recipient of the incentive belongs and higher than the value added per employee in the recipient of the incentive in the financial year preceding the year of submission of the application.

(3) Incentives in the "c" area of the Regulation governing the regional map may be granted to large companies only for investment for the needs of a new economic activity. The definition of the size of companies shall take into account the definitions set out in Annex I to Regulation 651/2014/EU.

(4) Incentives shall not be granted for investments in the following activities:

1. the primary sector of agricultural production,
2. the fishery and aquaculture sector, as defined in Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000 (OJ L No 354 of 28.12.2013), Str. 1),
3. the processing and marketing of agricultural products, where the amount of the incentive is fixed on the basis of the price or quantity of such products purchased from primary producers or placed on the market by the company concerned, or where the incentive is conditional on being passed on in whole or in part to primary producers,
4. coal mining,
5. steelmaking,
6. the transport sector and related infrastructure,
7. lignite sector,
8. the broadband sector;
9. energy production, storage, transmission and distribution and energy infrastructure,
10. manufacture of arms and ammunition,
11. Construction,
12. Education, and
13. Health and social care.

(5) Inducements shall not be permitted:

- for export-related activities, where the incentive is directly linked to the quantities exported, the establishment and operation of a distribution network or to other current expenditure related to the export activity,
- an investor or recipient of an incentive which is in the process of recovering State aid unduly received, on the basis of a decision of the European Commission declaring the State aid received by the same Member State unlawful and incompatible with the common market of the Community,

- in cases where the use of domestic goods would be preferred to the use of imported goods, and

- for an investor or a company as a recipient of an incentive, which has carried out a transfer to the company in which the investment for which the incentive is to be applied for is to be carried out within the two years preceding the application for the incentive, or which will carry out the transfer before the expiry of two years after the completion of the investment for which the incentive is sought.

(6) Incentives shall not be granted if:

1. the investment for the same purpose, which contains components of State aid, is already cofinanced from other resources of the State, local or European budget, and if the total amount of funds received under this title exceeds the maximum amount of co-financing laid down in the State aid rules,

2. the investor or recipient of the incentive is listed on the list of companies with which state institutions are not allowed to do business in accordance with the law governing the prevention of corruption,

3. the investor or recipient of the incentive has outstanding financial liabilities due on account of mandatory duties and other monetary non-tax liabilities in the Republic of Slovenia in accordance with the law governing financial administration, which are collected by the tax authority, if the value of unpaid due liabilities on the date of submission of the application until the conclusion of the subsidy agreement amounts to EUR 50 or more. An investor or recipient of an incentive shall also be deemed to be failing to comply with the obligations set out in the previous sentence if, on the date of submission of the application, it has not submitted all the returns of withholding tax for wages for the period of the last year up to the date of submission of the application or until the conclusion of the subsidy agreement,

(4) the investor or recipient of the incentive is a company in difficulty within the meaning of point (2) of Article 18 of Regulation 651/2014/EU; This does not apply to companies that were not in difficulty on 31 December 2019 but became companies in difficulty during the period from 1 January 2020 to 31 December 2021.

(7) In order to receive an incentive from the resources under the Recovery and Resilience Facility, the investor or beneficiary of the incentive must also meet all of the following conditions:

- that a certain level of energy efficiency of production has been demonstrated for the investment,

- that the investor or recipient of the incentive has demonstrated environmentally responsible conduct,

- that the investment is implemented within six months of the conclusion of the subsidy agreement,

- for the purpose of investing in the expansion of the capacity of an existing company or in a substantial change in the overall production process of the company, the material efficiency of production is demonstrated,

- that the investment achieves at least 40% of the estimated points from the criteria contributing to the green transition and listed in Article 5 of this Act,



- that the investment is carried out in accordance with the principle of do no significant harm and do not harm the objectives set out in Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ 198 of 22.6.2020, p. 13).

(8) The Government of the Republic of Slovenia (hereinafter: the Government) shall, by means of a regulation, prescribe the conditions in more detail and determine the manner of determining the fulfilment of the conditions for granting the incentive.

**Article 4a (conditions for granting incentives for investment in R&D and innovation)**

(1) Notwithstanding Article 4 of this Act, incentives for investments in research and development and innovation shall be granted if the investment meets the following conditions:

1. that the value of the investment exceeds EUR 500,000 in processing, service or R&D activities,
2. that the recipient of the incentive maintains at least the average number of employees from the period of the last 12 months prior to the month of submission of the application during the period of implementation of the investment,
3. that the investment meets the minimum threshold of the number of points based on the assessment of the investment according to the criteria referred to in the first paragraph of Article 5 of this Act,
4. that the economic, financial, technical, spatial and technological feasibility and justification of the investment are demonstrated for the investment,
5. that the investment does not start before the submission of the application for the grant of the incentive, and
6. that the investment will be completed no later than three years from the commencement of the investment, with the possibility of extension if the investor proves the existence of justified reasons (e.g. war, natural disaster, epidemic) due to which the investor could not complete the investment within this period.

(2) An investment in research and development and innovation shall be deemed to make a significant contribution to the development of the Slovenian economy if, in addition to the conditions set out in points 3, 4, 5 and 6 of the previous paragraph, it also meets the following conditions:

1. that the minimum value of the investment exceeds EUR 2,000,000 in processing, service or research and development activities,
2. that the investment involves at least three investors that are large companies and at least one small or medium-sized company and a research and knowledge dissemination organisation or innovation cluster established in accordance with the purpose set out in Regulation 651/2014/EU,
3. that the value added per employee of the recipient of the incentive, which is a large company, is higher than the value added per employee of the recipient of the incentive in the financial year preceding the year of submission of the application, two years after the completion of the investment.

(3) The definition of the size of companies referred to in the previous paragraph shall take into account the definitions set out in Annex I to Regulation 651/2014/EU.

(4) Incentives under this section shall not be granted for investments in research and development and innovation in the following activities:

1. the primary agricultural production sector, with the exception of aid for research and development and innovation aid for SMEs,
2. the fishery and aquaculture sector, as defined in Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000 (OJ L No 354 of 28.12.2013, Str. 1), with the exception of aid for research and development and innovation aid for SMEs,
3. the processing and marketing of agricultural products, where the amount of the incentive is fixed on the basis of the price or quantity of such products purchased from primary producers or placed on the market by the company concerned, or where the incentive is conditional on being passed on in whole or in part to primary producers,
4. the coal sector to facilitate the closure of uncompetitive coal mines, as covered by Council Decision 2010/787/EU of 10 December 2010 on State aid to facilitate the closure of uncompetitive coal mines (OJ L No 336 of 21.12.2010, p. 24).

(5) Inducements under this section are not permitted:

- for export-related activities, where the incentive is directly linked to the quantities exported, the establishment and operation of a distribution network or to other current expenditure related to the export activity,
- for an investor or recipient of an incentive which is in the process of recovering State aid unduly received, on the basis of a decision of the European Commission declaring the State aid received by the same Member State unlawful and incompatible with the common market of the Community,
- in cases where the use of domestic goods would be preferred over the use of imported goods,
- for aid measures which restrict the possibility for beneficiaries to exploit the results of research, development and innovation in other Member States.

(6) Incentives under this section shall not be granted if:

1. the investment for the same purpose, which contains components of State aid, is already cofinanced from other resources of the State, local or European budget, and if the total amount of funds received under this title exceeds the maximum amount of co-financing laid down in the State aid rules,
2. the investor or recipient of the incentive is listed on the list of companies with which state institutions are not allowed to do business in accordance with the law governing the prevention of corruption,

3. the investor or recipient of the incentive has outstanding financial liabilities due on account of mandatory duties and other monetary non-tax liabilities in the Republic of Slovenia in accordance with the law governing financial administration, which are collected by the tax authority, if the value of unpaid due liabilities on the date of submission of the application until the conclusion of the subsidy agreement amounts to EUR 50 or more. An investor or recipient of an incentive shall also be deemed to be failing to comply with the obligations set out in the previous sentence if, on the date of submission of the application, it has not submitted all the returns of withholding tax for wages for the period of the last year up to the date of submission of the application or until the conclusion of the subsidy agreement,

(4) the investor or recipient of the incentive is a company in difficulty within the meaning of point (2) of Article 18 of Regulation 651/2014/EU; This does not apply to companies that were not in difficulty on 31 December 2019 but became companies in difficulty during the period from 1 January 2020 to 31 December 2021.

(7) The Government shall, by means of a regulation, prescribe in more detail the conditions and determine the method of determining the fulfilment of the conditions for granting incentives for investment in research and development and innovation.

**Article 4b (granting of an incentive under the European Commission's Framework for State aid for R&D and Innovation)**

(1) If the investment in research and development and innovation referred to in the second paragraph of the previous Article contributes to:

1. the accelerated reduction of greenhouse gas emissions from production and business processes, or

(2) the development of solutions for cleaner mobility, or

3. the transition to a circular economy, or

4. more efficient use of resources, or

5. accelerating the digital transformation of business processes, the incentive may be granted to investors participating in an R&D and innovation investment at a higher intensity or for higher values of R&D and innovation investments than those set out for incentives for R&D and innovation investments in accordance with Regulation 651/2014/EU, provided that the granting of the incentive is approved by the European Commission.

(2) The ministry responsible for the economy (hereinafter: the Ministry) shall assess whether the investment scheme or individual investment in R&D and innovation referred to in the preceding paragraph shall be notified to the European Commission on the basis of the following criteria:

- the size of the contribution of the investment scheme or individual investment in R&D and innovation to the achievement of the objectives referred to in the preceding paragraph,

- achieving at least 70 % of the number of points on the basis of the assessment of an investment scheme or an individual investment in research and development and innovation according to the criteria set out in the first paragraph of Article 5 of this Act,

- the likely eligibility of incentives for an investment scheme or an individual R&D and innovation investment in the light of the justification for the incentives under the State aid criteria under the European Commission's Framework for State aid for R&D&I,

- the competence of investors to implement the R&D and Innovation Investment Scheme.

(3) The Government shall prescribe the conditions in more detail and determine the manner in which the criteria referred to in the preceding paragraph are to be met. An incentive for a scheme or an individual investment in R&D and innovation shall be granted after approval by the European Commission in accordance with the approval decision.

#### **Article 5 (Incentive Award Criteria)**

(1) The award criteria shall focus on economic, environmental, spatial and social aspects to support highly productive, long-term sustainable, competitive, socially responsible and sustainable business models, increase added value per employee, responsible management of resources, including contribution to the green transition and the circular economy, and take into account priority areas as set out in the recovery and resilience plan.

(2) On the basis of an evaluation of the criteria referred to in the previous paragraph, the amount of the incentive shall be determined, taking into account the maximum possible incentive provided for in Regulation 651/2014/EU.

(3) The Government shall, by regulation, specify the criteria for granting incentives.

#### **Article 5a (storage of documentation)**

(1) The public agency responsible for the promotion of investment and internationalisation (hereinafter: the public agency) and the Ministry, as the provider of the incentives, shall keep a record with the information and additional documentation necessary to determine whether all the conditions laid down in this Act and Regulation 651/2014/EU are met.

(2) The records referred to in the preceding paragraph shall be kept for ten years from the date of granting the incentive or from the date of the last grant of aid under the aid scheme.

### **III. STRATEGIC INVESTMENT**

#### **Article 6 (Strategic Investment)**

(1) A strategic investment is an investment that meets the following conditions:

1. that the minimum value of the investment is:

- EUR 40 000 000 in manufacturing or service activities, or
- EUR 20,000,000 in R&D,

2. to create and fill at least the following number of new jobs within a period of ten years from the date of conclusion of the contract for the implementation of the strategic investment, namely:

- 200 in manufacturing or service activities, or
- 100 in R&D,

3. to ensure the maintenance of the investment referred to in point 1 of this paragraph in the Republic of Slovenia for a period of at least ten years from the date of conclusion of the contract on the implementation of the strategic investment and to ensure the maintenance of the created jobs for at least five years from the date of employment,

4. that the value added per employee in the activity in which the strategic investment falls is higher than the average value added per employee in the Republic of Slovenia,

5. that the intended construction of facilities for the implementation of the strategic investment is determined at a location that is in accordance with the spatial act, which is evident from the attached opinion of the self-governing local community,
6. that it has a positive impact on the region in which the investment will be carried out from an economic, environmental, spatial and social point of view,
7. that the economic, financial, technical, spatial and technological feasibility and justification of the investment are demonstrated for the investment, and
8. that the investment is located in cities, other urban settlements and wider urban areas.

(2) The Ministry, in cooperation with the ministry responsible for the environment and spatial planning, shall manage the activities of project management of strategic investments and coordinate the processes of obtaining permits, monitoring a predetermined timeline for each strategic investment, if the investor agrees with the project management.

#### **Article 7 (purpose of expropriation)**

(1) If the strategic investment meets the conditions set out in the previous Article, the real estate specified in the Government decision referred to in Article 23 of this Act may be expropriated for the purpose of constructing facilities for the implementation of a strategic investment that promotes economic growth and employment, harmonious regional development, in accordance with the provisions of the Act governing spatial planning, unless otherwise provided by this Act.

(2) A public benefit to the immovable property referred to in the preceding paragraph shall be deemed to have been demonstrated if:

- the immovable property provided for in the spatial implementing act is so precise that it can be shown in the land cadastre, and
- the investment scores 70% of the points in the evaluation of the criteria referred to in the first paragraph of Article 5 of this Act.

(3) If the spatial implementing act is not prepared with the precision specified in the first indent of the previous paragraph, this condition shall be deemed to have been fulfilled if the council of the self-governing local community adopts a decision for a specific property by which it determines that the construction of the building is absolutely necessary and for the public benefit.

(4) The beneficiary of expropriation is a self-governing local community. A person subject to expropriation is a natural or legal person, other than the Republic of Slovenia, who owns the real estate that is the subject of expropriation.

#### **Article 8 (sale of real estate and building right)**

(1) Notwithstanding the provisions of the law governing the tangible property of the state and self-governing local communities, the self-governing local community of the real estate specified in the Government decision referred to in Article 23 of this Act may, to the strategic investment holder who will carry out the strategic investment referred to in Article 6 of this Act:

- sold by direct contract at the estimated value of a certified valuer appointed under the law governing auditing (hereinafter: certified valuer),

- enter into a direct contract on the establishment of the building right.

(2) A direct contract of sale or a direct contract of establishment of a building right must contain:

- a provision prohibiting the sale of real estate for five years with an appropriate contractual penalty in the event of a breach,

- a land registry permit, whereby a self-governing local authority in breach of contract excuses a right of purchase on the basis of which it can demand the resale of the property or the termination of the building right to the property.

(3) If a direct contract of sale or a direct contract on the establishment of a building right does not contain the provisions referred to in the preceding paragraph, it shall be null and void.

(4) In addition to paying for the real estate at the estimated value of the authorised appraiser, the strategic investment promoter shall reimburse the self-governing local community for the costs of the expropriation proceedings.

(5) If the strategic investment identified in the Government decision referred to in Article 23 of this Act is not implemented within five years of the issuance of the Government decision referred to in Article 23 of this Act, the holder of the strategic investment shall offer the real estate under the same conditions and without encumbrances or propose the termination of the building right to the self-governing local community.

## **IV. PROCEDURES FOR GRANTING INCENTIVES**

### **1. PROCEDURE FOR AWARDING A SUBSIDY FOLLOWING A CALL FOR TENDERS**

#### **Article 9 (public tender)**

(1) Subsidies shall be awarded on the basis of a public tender conducted by a public agency if the investment meets the conditions set out in the first and third to seventh paragraphs of Article 4 or the conditions set out in the first and third to sixth paragraphs of Article 4a and the criteria set out in the first paragraph of Article 5 of this Act.

(2) The public invitation referred to in the preceding paragraph shall be published by the public agency in the Official Gazette of the Republic of Slovenia and on its website, where it shall also publish the tender documentation.

(3) With regard to procedural issues not regulated by this Act, the provisions of the law governing general administrative procedure shall apply *mutatis mutandis*, unless otherwise provided by this Act.

#### **Article 10 (content of the public tender)**

The invitation to tender must contain in particular:

- the name or title and registered office of the public agency awarding the incentive,

- the legal basis for the implementation of the public tender,

- the subject of the public tender,

- an indication of the conditions for granting the subsidy and the criteria for determining the amount of funds,

- the amount of funds provided,
- determination of the period of use of the subsidy,
- the date of the opening of applications, or the dates of the opening of applications, if the invitation to tender provides for the sequential allocation of incentives,
- method of financing,
- the manner and time limit for the submission of applications,
- selection procedure and method,
- the minimum multiplier or expected effect of public funds,
- the deadline within which potential recipients of the incentive will be informed of the outcome of the public tender,
- the estimated start and end dates of the absorption of funds, and
- the place, time and person from whom the interested parties pick up the tender documents.

**Article 11 (subsidy application)**

(1) An investor shall submit an application for the award of a subsidy (hereinafter referred to as the "application") to a public agency.

(2) The application must contain at least the following information:

- the company, registered office and size of the investor and the recipient of the incentive, if the company that will be the recipient of the incentive is already registered in the court register,
- a description of the investment, including the estimated date of commencement and completion of the investment,
  - in the event that the investor does not have a registered company in the territory of the Republic of Slovenia in the court register, a description of the manner of implementation of the investment with the anticipated date of registration of the company in Slovenia that will be the recipient of the incentive,
- the location of the investment, with a description accompanied by an excerpt from the valid spatial act of the self-governing local community, the attached opinion of the self-governing local community, from which it follows that the investment is in accordance with the valid spatial act, with a description of the intended investment and a presentation of the parcel situation with the designation and indication of the cadastral plots and possibly buildings where the investment will be carried out and, if it is a devalued area, the source or data on the basis of which the area is defined as devalued is indicated, except in the case of investments in research and development and innovation,
- the value of the investment, indicating the contribution of the financial resources of the eligible costs by own resources or by external financing in a form not related to public funds,
- the number and schedule of retaining existing employees or the creation and maintenance of newly created jobs, except in the case of investments referred to in the second paragraph of 4.a of this Law,

- the expected added value per employee generated by the investment in the recipient of the incentive,
- a list and definition of the type and amount of eligible and ineligible investment costs,
- the amount of the subsidy necessary for the implementation of the investment, the indication of public financing from other sources on the basis of the application and the indication of own resources for the investment,
- the estimated start and end dates of any drawdown,
- risk analysis and cost-benefit analysis,
- the company's investment programme, and
- the expected multiplier effect of the investment.

**Article 12 (Commission)**

(1) An application referred to in the preceding Article shall be considered by a committee appointed by the Director of a public agency, which shall conduct an expert review of complete applications and assess them for compliance with the conditions set out in the first and third to seventh paragraphs of Article 4 or the conditions set out in the first and third to sixth paragraphs of Article 4a and the criteria set out in the first paragraph of Article 5 of this Act.

(2) The commission shall have a chairperson and at least two members from a public agency.

(3) Prior to the assessment of the application, the Chairman and the members of the Committee must make a written statement of interest disconnection with the investor and the recipient of the incentive, and a statement that they will protect as confidential all information, facts and circumstances of which they will become aware in the performance of the duties of the member of the Commission.

(4) The Commission shall conclude its work by preparing an opinion on the grant of the subsidy.

**Article 13 (grant approval)**

(1) On the basis of the opinion of the commission referred to in the fourth paragraph of the previous article, the public agency shall, no later than 60 days from the date of the opening of applications, issue a decision on the granting or rejection of the subsidy.

(2) In an administrative dispute, it is not possible to challenge the decision by which the right to award a public agency subsidy to other persons was determined, but only that decision or part thereof by which the right of the plaintiff was determined.

**Article 14 (subsidy agreement)**

(1) On the basis of the decision to grant a subsidy referred to in the previous article, the public agency, the investor and the recipient of the incentive shall conclude a subsidy agreement containing at least:

- the subject of the contract,
- mutual rights and obligations of the contracting parties,



- a commitment by the investor and the recipient of the incentive that the investment will be made at least in the estimated value and within the time limit specified in the application,
- a commitment by the investor and the recipient of the incentive that the realised investment in accordance with the previous indent will be maintained in the region of the recipient of the incentive for at least five years after the completion of the investment or at least three years after the completion of the investment in the case of the recipient of the incentive is a small or medium-sized company, except in the case of incentives for investments in research and development and innovation,
- the undertaking of the investor and the recipient of the incentive to maintain, in the case of the investment referred to in the first paragraph of Article 4 of this Act, during the investment maintenance period, at least the average number of employees from the period of the last 12 months preceding the month of submission of the application, or in the case of the investment referred to in the first paragraph of Article 4.a of this Act, to maintain during the period of implementation of the investment at least the average number of employees from the period of the last 12 months preceding the month of submission of the application, or in the case of an investment referred to in the second paragraph 4. Article 10(1) of this Act undertakes that the new jobs created by the investment shall be filled no later than three years after the completion of the investment and maintained in the region for at least five years after the date on which the post was first filled, or at least three years after the date on which the post was first filled in the case of a small or medium-sized company being the recipient of the incentive,
- the commitment of the investor and the recipient of the incentive that the value added per employee in the recipient of the incentive will be higher than the value added per employee in the recipient of the incentive in the financial year preceding the year of submission of the application in the case of an investment referred to in the first paragraph of Article 4 of this Act and in the case of an investment referred to in the second paragraph of Article 4 of this Act also higher than the average value added per employee in the activity, in which the recipient of the incentive belongs, or, in the case of an investment referred to in the second paragraph of 4.a of this Act, a commitment that the value added per employee of the recipient of the incentive, which is a large company, is higher than the value added per employee of the company in the financial year preceding the year of submission of the application, two years after the completion of the investment,
- the method of controlling the earmarked use of funds,
- the legal consequences of a breach of contractual obligations,
- the method of reporting on the progress of the investment, and
- Designation of a trustee by the public agency and the recipient of the incentive to monitor the performance of the contract.

(2) The investor or recipient of the incentive shall submit to the grant agreement a bank guarantee for the good performance of contractual obligations on first demand or other appropriate collateral.

(3) If the investor and the recipient of the incentive do not sign the contract within 60 days of receipt of the decision referred to in the previous section, the incentive shall be deemed not to have been granted.

## **2. PROCEDURE FOR AWARDING A SUBSIDY WITHOUT A CALL FOR TENDERS**

### **Article 15 (subsidy application)**

(1) Subsidies may be granted for investments referred to in the second paragraph of Article 4 or the second paragraph of Article 4.a of this Act, which significantly contribute to the development of the Slovenian economy, without a public tender. The investor submits an application for the award of a subsidy to the Ministry.

(2) The application referred to in the preceding paragraph must contain the information referred to in the second paragraph of Article 11 of this Act and shall be submitted on a form prescribed by the minister responsible for the economy (hereinafter: the Minister).

(3) With regard to procedural issues not regulated by this Act, the provisions of the law governing general administrative procedure shall apply *mutatis mutandis*, unless otherwise provided by this Act.

### **Article 16 (Commission)**

(1) An application referred to in the preceding Article shall be considered by a commission appointed by the Minister, which shall conduct an expert review of complete applications and assess them for compliance with the conditions set out in the second to sixth paragraphs of Article 4 or the second to sixth paragraphs of Article 4a and the criteria set out in the first paragraph of Article 5 of this Act.

(2) The Commission shall have a chairperson and at least four members. The chairman of the commission and three members are from the ministry, and one member is a representative of the ministry responsible for finance.

(3) Prior to the assessment of the application, the Chairman and the members of the Commission must provide a written statement of interest disconnection with the investor and the recipient of the incentive, and a statement that they will protect as confidential all information, facts and circumstances of which they will become aware in the performance of the duties of a member of the Commission.

(4) The Commission shall conclude its work by preparing an opinion on the award of the subsidy and submit it to the Minister.

### **Article 17 (decision to grant the subsidy)**

(1) On the basis of the opinion of the Commission that the investment meets the conditions set out in the second to sixth paragraphs of Article 4 or the second to sixth paragraphs of Article 4a and the criteria set out in the first paragraph of Article 5 of this Act for the granting of a subsidy, the Ministry shall issue a decision on the granting of the subsidy at its discretion. The consideration is limited to assessing the budgetary resources provided.

(2) On the basis of the opinion of the Commission that the investment does not meet the conditions and criteria for granting a subsidy or that there are no budget funds provided, the Ministry shall issue a decision rejecting the subsidy.

(3) In an administrative dispute, it is not possible to challenge the decision by which the right to grant a subsidy of the Ministry to other persons was decided, but only that decision or part thereof by which the right of the plaintiff was decided.

### **Article 18 (conclusion of a subsidy agreement)**

(1) On the basis of the decision of the Ministry referred to in the first paragraph of the previous Article, the Ministry shall invite the investor and the recipient of the incentive to sign a subsidy agreement. The Ministry, the investor and the recipient of the incentive shall conclude a subsidy agreement with the content specified in the first paragraph of Article 14 of this Act.

(2) The investor or subsidy recipient shall submit to the subsidy agreement a bankguarantee for the good performance of contractual obligations on first demand or other appropriate collateral.

(3) If the investor and the recipient of the subsidy do not sign the contract within the time limit specified in the invitation referred to in the first paragraph of this Article, the investor shall be deemed to have withdrawn the application.

### **3. GRANTING OF CREDIT, GUARANTEES AND INTEREST RATE SUBSIDIES**

#### **Article 19 (loan, guarantee and interest rate subsidy)**

(1) A loan, a guarantee and a subsidised interest rate shall be granted to the recipient of an incentive under this Act by SID – Slovenian Export and Development Bank, d.d. Ljubljana, for investments that meet the conditions set out in the first or second paragraph of Article 4 and the criteria set out in the first paragraph of Article 5 of this Act.

(2) The recipient of the incentive referred to in the first paragraph of this section shall secure the credit, guarantee or interest rate subsidy by securing a lien on immovable or movable property or by other appropriate collateral.

### **4. PURCHASE OF REAL ESTATE OWNED BY LOCAL GOVERNMENTS AT PRICES BELOW MARKET PRICES**

#### **Article 20 (purchase of immovable property owned by local governments at prices below market prices)**

(1) Notwithstanding the provisions of the law governing the management of tangible property of the state and self-governing local communities, a self-governing local community may, on the basis of a direct contract for the purchase of real estate at prices lower than market prices (hereinafter: the contract for the purchase of real estate), subject to the fulfilment of the conditions set out in the first or second paragraph of Article 4 and the criteria set out in the first paragraph of Article 5 of this Act, sell real estate to an investor or recipient of an incentive at prices that are lower than the market price.

(2) Immovable property which is the subject of sale must be appraised before the proceeding is carried out. The appraised value is the value of the property that is appraised by a certified appraiser. The appraised value shall be determined in accordance with the applicable international valuation standards adopted by the International Valuation Standards Committee. The estimated value is considered as the market price.

(3) The difference between the estimated value and the sale value represents the amount of regional State aid. The sale value of real estate is determined by the self-governing local community. The sale value of a property is the price at which a self-governing local government sells the property and is lower than the market price.

(4) Prior to the sale of real estate, the self-governing local authority shall determine the objectives to be achieved by the sale, define the benefits and determine the measurable effects that it will obtain from the sale of real estate and the economic justification for the sale of real estate at prices below market prices.

(5) A decision on the sale of real estate below a price lower than the market price shall be made by the council of the self-governing local community.

(6) The intention to conclude a direct contract for the purchase of real estate shall be published by the self-governing local community on the website at least 20 days before the intended conclusion. In the event that several applications for the purchase of immovable property are received for the same immovable property, the one who has received the highest number of points in the appraisal procedure on the basis of the criteria set out in the first paragraph of Article 5 of this Act shall be selected from among the interested investors. In the case of the same number of points, the criterion of a higher value of the investment prevails.

(7) On the date of conclusion of the contract, the valuation of the immovable property which is the subject of such a transaction must not be older than six months.

(8) A contract for the purchase of real estate between an investor or recipient of an incentive and a self-governing local authority must contain:

- a precise description of the real estate that is the subject of the sale,
- an indication of the investor or recipient of the incentive,
- an indication that the sale is at prices below market prices,
- an indication of the estimated value,
- the sale value of the real estate that is the subject of the sale,
- an indication of the purpose of the sale,
- a detailed description of the development purposes for which the properties are sold at prices below market prices, with the dynamics of implementation,
- a description of how the properties will be used,
- the obligation of the investor or recipient of the incentive to report on the use of the real estate at the request of the local self-governing authority,
- a clause that the full cost of concluding the contract is borne by the investor or the recipient of the incentive,
- the obligation of the investor or recipient of the incentive to start the investment within two years from the date of conclusion of the contract for the purchase of real estate,
- a provision prohibiting the sale of immovable property for at least ten years with an appropriate contractual penalty in the event of a breach,
- an intabulation clause,
- a ban on any encumbrance on real estate for ten years,

- a land registry permit whereby a self-governing local authority, in breach of the contract, excuses the right of purchase under which it can demand the resale of real estate for a price not exceeding the investment in such real estate, less depreciation,
- Appointment of a trustee to monitor the execution of the contract.

## **V. PROCEDURE FOR DETERMINING THE FULFILMENT OF THE CONDITIONS FOR A STRATEGIC INVESTMENT**

### **Article 21 (application for strategic investment)**

(1) An investor shall submit an application for the determination of the fulfilment of the conditions for a strategic investment (hereinafter: the application for a strategic investment) to the Ministry.

(2) In addition to the information referred to in the second paragraph of Article 11 of this Act, the application for a strategic investment must also contain:

- indication of real estate with land parcels necessary for the implementation of the investment,
- Elaborate justifying the public benefit.

(3) A study justifying the public benefit must contain:

- an extract from the spatial implementing act,
- a parcelling plan with a boundary,
- indication of real estate with land parcels with areas and information on their owners and holders of other real rights,
- the deadline for the implementation of the strategic investment, the anticipated deadline for the commencement of construction of the facilities or the deadline for the takeover of the expropriated property, and
- An explanation of the public benefit.

(4) With regard to procedural issues not regulated by this Act, the provisions of the law governing general administrative procedure shall apply mutatis mutandis, unless otherwise provided by this Act.

(5) The application shall be made on a form prescribed by the Minister.

### **Article 22 (Commission for the Determination of the Fulfilment of the Conditions for a Strategic Investment)**

(1) An application for a strategic investment shall be considered by a commission appointed by the Minister, which shall conduct an expert review of complete applications and assess them with regard to the fulfilment of the conditions for a strategic investment referred to in Article 6 and the criteria referred to in the first paragraph of Article 5 of this Act.

(2) The commission shall have a chairman and at least four members from the Department.

(3) Prior to the assessment of the application, the Chairman and the members of the Commission must provide a written statement of interest disconnection with the investor and the recipient of the incentive, and a statement that they will protect as confidential all information, facts and circumstances of which they will become aware in the performance of the duties of a member of the Commission.

(4) The Commission shall conclude its work by preparing an opinion on the fulfilment of the conditions for a strategic investment, which shall be submitted to the Minister.

#### **Article 23 (determination of the fulfilment of conditions for a strategic investment)**

On the basis of the opinion of the Commission referred to in the previous Article on the fulfilment of the conditions for a strategic investment, the Ministry proposes to the Government the adoption of a decision on the determination of the fulfilment of the conditions for a strategic investment, which contains:

- general information about the investor,
- a finding on the fulfilment of the conditions for a strategic investment referred to in the first paragraph of Article 6 of this Act,
- the finding that a strategic investment is in the public interest and promotes economic growth and employment, harmonious regional development,
- a list of immovable property with parcels of land on which construction for the public benefit is envisaged,
- the deadline for the implementation of the strategic investment, the anticipated deadline for the commencement of the construction of the facilities or the deadline for the takeover of the expropriated property,
- the leader and members of the strategic investment management project group referred to in the second paragraph of Article 6 of this Act, and - Timeline of obtaining different permits.

#### **Article 24 (conclusion of a strategic investment contract)**

(1) Upon the adoption of a Government decision referred to in Article 23 of this Act, the Ministry, the investor and the strategic investment holder shall conclude a strategic investment contract which shall include:

- the subject of the contract,
- mutual rights and obligations of the contracting parties,
- the deadline for the implementation of the strategic investment, the anticipated deadline for the commencement of the construction of the facilities or the deadline for the takeover of the expropriated property,
- the commitment of the investor and the holder of the strategic investment that the investment will be carried out at least in the anticipated value, with the creation of anticipated new jobs and within the deadline specified in the Government decision referred to in Article 23 of this Act,
- the commitment of the investor and the strategic investment holder that the realized investment in accordance with the previous indent will be maintained in the region of the strategic investment holder for at least ten years from the conclusion of the contract,

- the commitment of the investor and the holder of the strategic investment that new jobs will be created and filled within ten years from the conclusion of the contract on the implementation of the strategic investment and maintained for five years from the date of employment,
- the commitment of the investor and the strategic investment holder that the value added per employee in the strategic investment holder will be higher than the average value added per employee in the Republic of Slovenia after the completion of the investment and during the maintenance period,
- the manner of supervising the performance of contractual obligations,
- the legal consequences of a breach of contractual obligations,
- the method of reporting on the progress of the investment, and
- Appointment of a trustee by the Ministry and the strategic investment holder to monitor the execution of the contract.

(2) The investor or the holder of a strategic investment shall submit a bank guarantee for the good performance of contractual obligations to the contract on the implementation of the strategic investment at the first request or other appropriate collateral.

## **VI. ACTIVITIES TO PROMOTE INVESTMENT AND INTERNATIONALISATION, REGISTER OF HIGH VALUE-ADDED ENTERPRISES AND REGISTER OF INNOVATIVE START-UPS**

### **Article 25 (public agency)**

The Public Agency carries out activities to promote investment and internationalisation in accordance with the guidelines and policy of the Republic of Slovenia in this area.

### **Article 26 (Activities and Investment Promotion Programme)**

(1) Activities to promote investments are:

- providing quality information, advisory and other services for investors,
- implementation of marketing and communication activities,
- organising events that contribute to strengthening the visibility of the Republic of Slovenia as a location for investments,
- project approach to investment project management,
- cooperation with existing investors in the Republic of Slovenia with the aim of their expansion,
- analysing the competitive position of the Republic of Slovenia in terms of investment and proposing measures for improvement,
- the definition of areas intended for strategic investments in spatial strategic acts,
- to encourage the implementation of land policy measures for the purpose of encouraging investment, and

- Performing other activities that contribute to the recognition of the Republic of Slovenia as a location for investments.

(2) Upon the proposal of the Ministry, the Government shall adopt a five-year investment promotion programme in which it shall define the priorities and manner of implementation of the activities to promote investments referred to in the preceding paragraph and determine the objectives to be achieved by the implementation of these activities.

(3) The investment promotion programme shall also specify the scope and method of financing and the indicators for monitoring the effectiveness of investment promotion referred to in the first paragraph of this Article.

#### **Article 27 (activities and programme to promote internationalisation)**

(1) Activities to promote internationalisation shall be:

- providing high-quality information, advisory and other services for companies with their registered office in the Republic of Slovenia that export abroad,
- education and training of companies and partner organisations of the Agency,
- implementation of marketing and communication activities,
- organising events that contribute to the greater internationalisation of Slovenian companies on foreign markets,
- activities aimed at promoting the integration of companies into supply chains,
- measures for the outbound internationalisation of companies, and
- Performing other activities that contribute to a more successful internationalisation of Slovenian companies.

(2) Upon the proposal of the Ministry, the Government shall adopt a five-year programme for the promotion of the internationalisation of companies, in which it shall define the priorities and manner of implementing the activities for the promotion of internationalisation referred to in the preceding paragraph and determine the objectives to be achieved by the implementation of these activities.

(3) The programme to promote the internationalisation of companies shall also specify the scope and method of financing and the indicators for monitoring the effectiveness of the promotion of the internationalisation of companies referred to in the first paragraph of this Article.

(4) For the purpose of carrying out its activities referred to in the first paragraph of this Article, the Public Agency shall, on the basis of an electronic request, obtain the following data on taxpayers who supply goods or services to other countries no more than once a month, free of charge:

1. VAT identification number (in the case of supplies made to other Member States);
2. the code of the Member State to which the supplies were made;
3. the code of the Member State in which the services are deemed to have been provided;
4. the value of the supplies of goods per Member State;
5. the value of the services provided taxed in each Member State;



6. the EORI number of the economic operator;
7. the country of destination (in the case of exports from Slovenia) and the country of dispatch (in the case of imports into Slovenia);
8. Tariff code, and
9. the statistical value of the goods.

**Article 28 (Public Agency Representations Abroad)**

- (1) On the basis of an analysis of economic feasibility, a public agency may, with the prior consent of the Government, open or close its representative office abroad.
- (2) A public agency representative office abroad shall provide information and advice to companies having their registered office outside the Republic of Slovenia or in the Republic of Slovenia in their operations in cross-border investments, and shall perform other activities referred to in the first paragraph of Article 26 and the first paragraph of Article 27 of this Act on markets outside the territory of the Republic of Slovenia.
- (3) The organisation, management and manner of operation of public agency offices abroad and the types of services charged by public agency offices abroad shall be determined by the Government by regulation.

**Article 29 (financing of activities and financing agreement)**

- (1) Activities to promote investments referred to in the first paragraph of Article 26 of this Act and activities to promote the internationalisation of companies referred to in the first paragraph of Article 27 of this Act shall be financed from the budget of the Republic of Slovenia.
- (2) The financing of the Agency from the budget of the Republic of Slovenia shall be ensured by an annual contract concluded between the Ministry and the Public Agency.

**Article 30 (Register of Enterprises with High Added Value)**

- (1) A high value-added enterprise is a company:
  - whose value added per employee is at least 50% above the national average or whose value added per employee is at least 25% above the national average, provided that the annual growth in the number of employees is at least 10%,
  - employing more than 20 people, and
  - whose annual turnover is at least EUR 1 000 000.
- (2) The Register of Enterprises with High Value Added shall be kept by the Public Fund of the Republic of Slovenia for Entrepreneurship (hereinafter: the Fund). There is no appeal against the Fund's decision, an administrative dispute is possible.
- (3) A company referred to in the first paragraph of this Article shall be entered in the register of high value-added enterprises if it fulfils the following conditions:
  - has been established for at least three years,
  - is not in liquidation or bankruptcy proceedings,
  - has proposed withholding tax returns for employment income for the period of the last six months and has no outstanding tax liabilities.

(4) The conditions referred to in the first paragraph of this Article shall be verified by the Fund upon its entry in the Register of High Value-Added Enterprises and at least once a year. The conditions referred to in the preceding paragraph shall be verified by the Fund at the time of its entry in the Register of High Value Added Enterprises and at the beginning of each threemonth period of the calendar year.

(5) A company registered in the Register of High Value Added Enterprises shall notify the Fund in writing that it no longer fulfils the conditions set out in the third paragraph of this Article within 30 days of the occurrence of the event.

(6) The Fund shall strike a company off the register of high value-added enterprises if it finds that it no longer fulfils the conditions laid down in the first or third paragraph of this Article.

(7) The Fund shall obtain the data referred to in the third indent of the third paragraph of this Article which it needs for the exercise of its competences in accordance with this Act free of charge from the records of the Financial Administration of the Republic of Slovenia.

(8) The Minister shall prescribe in more detail the establishment, management and manner of public publication of the register of enterprises with high added value, the data kept in the register, the manner, content and form of registration and deletion from the register.

#### **Article 31 (Register of Innovative Start-ups)**

(1) An innovative start-up is an independent company that develops or markets an innovative product, service or business model with high potential.

(2) The Register of Innovative Start-ups shall be maintained by the Fund. There is no appeal against the Fund's decision, an administrative dispute is possible.

(3) A company referred to in the first paragraph of this Article shall be entered in the register of innovative start-ups if it fulfils the following conditions:

- it is organised as a capital company and no less than one month and not more than five years have elapsed since its entry in the Business Register of Slovenia,
- it is an independent company in accordance with Annex I to Regulation 651/2014/EU and the European Commission Guidelines for the definition of small and medium-sized enterprises,
- is not in liquidation or bankruptcy proceedings,
- has at least one person employed full-time and covered by compulsory social insurance on that basis,
- has proposed withholding tax returns in respect of income from employment for the period of the last six months, or for the period of business if it is less than six months, and has no outstanding tax liabilities, and
- demonstrates innovation and potential by developing a product, service or business model that is new or significantly superior to state-of-the-art processes in its industry.

(4) The conditions referred to in the second and sixth indents of the preceding paragraph shall be verified by the Fund upon registration in the register of innovative start-ups and at least once a year. The conditions referred to in the first, third, fourth and fifth indents of the previous paragraph shall be verified by the Fund upon registration in the register of innovative start-ups and at the beginning of each three-month period of the calendar year. In verifying the condition referred to in the sixth indent of the preceding paragraph, the Fund may involve external experts.

(5) A company registered in the register of innovative start-ups shall notify the fund in writing that it no longer fulfils the conditions set out in the third paragraph of this Article within 30 days of the occurrence of the event.

(6) The Fund shall remove a company from the register of innovative start-ups if it finds that it no longer fulfils the conditions laid down in the third paragraph of this Article.

(7) The Fund shall obtain the information referred to in the fifth indent of the third paragraph of this Article which it needs for the exercise of its competences in accordance with this Act free of charge from the records of the Financial Administration of the Republic of Slovenia.

(8) The Minister shall prescribe in more detail the establishment, maintenance and manner of public publication of the register of innovative start-ups, the data to be kept in the register, the manner, content and form of registration and deletion from the register.

## **VI.A SCREENING OF FOREIGN DIRECT INVESTMENT**

### **Article 31a (notification of foreign direct investment)**

(1) A foreign direct investment in the field of activities referred to in the fifth subsection of Article 31. č of this Act must be notified to the Ministry by a foreign investor or target company or an acquired company no later than 15 days after the conclusion of a legal transaction by which the foreign investor directly or indirectly acquires at least 10% of the share capital or voting rights in a company with its registered office in the Republic of Slovenia or from the publication of the takeover bid. The notification obligation shall not cease if the foreign investor or the target company or the acquired company fails to notify within the period referred to in the preceding sentence.

(2) Foreign direct investment in the field of activity referred to in the fifth paragraph of Article 31.č of this Act, by which the foreign investor intends to invest in tangible and intangible assets relating to the establishment of a new business unit, by which the foreign investor directly or indirectly acquires at least 10% of the share in the capital or voting rights in a newly established company with its registered office in the Republic of Slovenia, must be notified by a foreign investor or a newly established company no later than 15 days after the registration of the establishment of the company in the court register in the Republic of Slovenia. The obligation to notify shall not cease if the foreign investor or the newly created company fails to notify within the period referred to in the preceding sentence.

(3) Foreign direct investment in the field of activities referred to in the fifth subsection of Article 31.č of this Act shall be notified by submitting the following information and data:

- the name, surname and place of residence or the name and registered office of the foreign investor and the target company or of the company being acquired or of the newly established company,

- the annual turnover of the foreign investor and the target company or the acquired company,
- the total number of employees of the foreign investor and the target company or the company being acquired or the newly established company,
- the trading code of the securities of the foreign investor and the target company or of the acquired company or of the newly created company, if they are in possession of the trading code,
- the ownership structure of the foreign investor and the target company or of the company being acquired or of the company being set up, including information on the final investor and the participation in the capital and voting rights,
- the value and source of financing of the foreign direct investment,
- products, services and business activities of the foreign investor and the target company or the acquired company or the newly established company (classification of economic activity of the SKD),
- the countries in which the foreign investor and the target company or the acquired company carry out significant business activities,
- the date on which the foreign direct investment is to be completed or when it has been completed,
- a detailed description of the foreign direct investment,
- the definition up to the sixth paragraph of Article 31.č of this Act,
- the identification and submission of evidence demonstrating the veracity of the information referred to in this paragraph.

(4) If the target or acquired company or the newly created company does not have the information referred to in the preceding paragraph, it shall give a clear and reasoned explanation in the notification.

(5) The information referred to in the third paragraph of this Article shall be used in accordance with the purpose of Regulation 2019/452/EU and Chapter VI.a of this Law, which sets out the procedure for the notification and screening of foreign direct investments and the competent authorities for the implementation of Regulation 2019/452/EU.

(6) Tasks related to the implementation of Regulation 2019/452/EU in the Republic of Slovenia shall be performed by the Ministry as a contact point. The Contact Point is responsible for annual reporting to the European Commission, exchange of information, opinions and comments with the European Commission and the Member States.

**Article 31b (call for further explanations or explanations)**

For the purposes of the notifications referred to in the first paragraph of Article 31.c of this Act, and the expert group referred to in the first paragraph of Article 31.d of this Act, in the event of uncertainty within the implementation of Regulation 2019/452/EU, the foreign investor or the target company or the acquired company or the newly established company in the Republic of Slovenia in relation to foreign direct investment in the field of activities referred to in the fifth paragraph of Article 31.č of this Act may: to provide explanations or additional explanations in writing or orally and to provide relevant evidence thereof within the time limit set by the Notification Commission referred to in the first paragraph of Article 31.c of this Law or by the expert group referred to in the first paragraph of Article 31.d of this Law.

**Article 31c (preliminary review procedure)**

(1) Notifications referred to in section 31a of this Act shall be considered by the Notification Commission established by the Minister. The Notification Board shall have a Chairperson, one alternate and at least three members, two of whom shall be representatives of the public agency.

(2) The Preliminary Notification Commission shall first examine whether:

- the foreign investor meets the conditions of a foreign investor referred to in the thirteenth indent of Article 2 of this Act,
- the notified legal transaction or transaction is a foreign direct investment referred to in the twelfth indent of Article 2 of this Act,
- the notification has been filed within the time limit specified in Section 31a of this Act,
- the activity of the target company or the acquired company or the newly established company in the Republic of Slovenia refers to the critical activities referred to in the fifth paragraph of Article 31.c of this Act.

(3) If the notifying committee finds that the condition set out in the first or second or fourth indent of the preceding paragraph is not met, it shall issue an opinion thereon.

(4) If the Notification Commission finds that the conditions set out in the first, second and fourth indents of the second paragraph of this Article are met, it shall assess the merits of the application on the basis of the criteria set out in the fifth and sixth subsections of Article 31.c of this Act in the continuation of the preliminary procedure.

(5) If the Notifying Commission finds that a foreign direct investment has a negligible or non-significant impact on public order and security in the Republic of Slovenia, it shall issue an opinion thereon.

(6) If the Notification Commission finds that a foreign direct investment is carried out in the field of activities referred to in the fifth paragraph of Article 31.č of this Act and that it could have an impact on public order or security in the Republic of Slovenia, it shall propose the initiation of a review procedure with an opinion.

(7) The Ministry shall issue a decision on the basis of the opinion of the Notification Commission referred to in the third and fifth paragraphs of this Article. No appeal is allowed against the Ministry's decision, but an administrative dispute is allowed.

(8) On the basis of the opinion of the Notification Committee referred to in the sixth paragraph of this Article, the Ministry shall issue a decision initiating the review procedure. There is no judicial redress against the order in the previous sentence.

### **Article 31 č (review)**

(1) A review is a procedure in which the Ministry decides whether a foreign direct investment in the field of activities referred to in the fifth paragraph of this Article is approved, approved to a limited extent by determining the conditions for its implementation, or prohibited if it may affect the security or public order of the Republic of Slovenia.

(2) The expert group referred to in the first paragraph of Article 31d of this Act, which is appointed by the Minister by decision after the initiation of the review procedure referred to in the eighth paragraph of the previous Article, shall conduct an examination of an individual foreign investment in the field of activities referred to in the fifth paragraph of this Article and shall issue an opinion referred to in the sixth paragraph of Article 31d of this Act no later than two years in the following cases:

- referred to in the first paragraph of Article 31a of this Act, from the conclusion of a legal transaction by which a foreign investor in a company with its registered office in the Republic of Slovenia directly or indirectly acquires at least 10% of the share capital or voting rights, or from the publication of the takeover bid, and

- referred to in the second paragraph of Article 31a of this Act from the registration of the establishment of a company in the court register in the Republic of Slovenia, by which a foreign investor directly or indirectly acquires at least 10% of the share in the capital or voting rights in a newly established company with its registered office in the Republic of Slovenia.

(3) On the basis of the opinion of the Notification Commission, the Ministry may initiate a procedure for reviewing an individual foreign investment in the field of activities referred to in the fifth paragraph of this Article, provided that it obtains information within two years of the conclusion of a legal transaction or of the publication of the takeover offer referred to in the first indent of the second paragraph of this Article or of the registration of the establishment of a company in the court register in the Republic of Slovenia referred to in the second indent of the second paragraph of this Article, that a foreign investor who has made a foreign direct investment in the Republic of Slovenia is involved in activities referred to in the fifth paragraph of this Article that have affected or may affect security or public order in a Member State of the European Union, or is engaged in illegal or criminal activities referred to in the sixth paragraph of this Article. The expert group shall carry out the examination procedure and issue an opinion within two years of the initiation of the examination procedure.

(4) In the cases referred to in the preceding paragraph and within the period referred to in the preceding paragraph, the Ministry may ex officio initiate a re-examination procedure even if a decision referred to in the seventh paragraph of the preceding Article has already been issued or if a decision referred to in the first paragraph of Article 31.e of this Act has been issued. If, in the case referred to in the previous sentence, the Ministry initiates a review procedure on the basis of the opinion of the notifying panel, the expert group shall carry out the review procedure and issue an opinion within two years of the initiation of the review procedure. If the expert group determines that foreign direct investment may affect the security or public order of the Republic of Slovenia, the Ministry shall revoke the decision already issued under the seventh paragraph of the previous Article or the first paragraph of Article 31.e of this Act and decide by the same decision whether to approve the foreign direct investment in a limited way, so as to determine the conditions for its implementation, or to prohibit it.

(5) Foreign direct investment may affect the security or public order of the Republic of Slovenia, in particular in cases where the target company or the acquired company or the newly established company with its registered office in the Republic of Slovenia actually and predominantly carries out activities in one of the following critical areas:

- critical infrastructure, whether physical or virtual, including energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure and sensitive facilities, as well as land and real estate essential for the use of such infrastructure;
- Critical technology and dual-use goods, including artificial intelligence, robotics, semiconductors, cybersecurity, aerospace and defence technology, energy storage technology, quantum and nuclear technology, as well as nanotechnology and biotechnology;
- the supply of critical resources, including energy or raw materials, and food security;
- access to or the ability to control sensitive information, including personal data;
- media freedom and pluralism, or
- projects or programmes of interest of the European Union as defined in Annex I to Regulation 2019/452/EU.

(6) In determining whether a foreign direct investment may affect security or public order, the Ministry shall take into account, in particular, whether:

- the foreign investor is directly or indirectly controlled by the government, including state authorities or the armed forces of a third country, including through an ownership structure or substantial financing;
- the foreign investor has already been involved in activities affecting security or public order in a Member State;
- there is a serious risk that the foreign investor is engaged in illegal or criminal activities;
- the foreign investor has reached the acquisition threshold in the target company (one third of the voting rights in that company) through the legal transaction that is the subject of the notification, or has acquired a 10 % stake in the voting rights in the target company after the successful takeover bid procedure or has acquired at least 75 % of all voting shares of the target company through a successful takeover bid;
- the foreign investor has a market share of at least 20% in the area of critical activities in the area of critical activities through the target or acquired company or the newly established company in the territory of the Republic of Slovenia;
- the foreign investor has achieved a 25 or 50 % shareholding in the capital or voting rights in the target or acquired company through the legal transaction which is the subject of the notification.

#### **Article 31d (section)**

(1) The screening of foreign direct investment in the field of activities referred to in the fifth paragraph of the previous Article shall be carried out by an expert group.

(2) An expert group shall have a minimum of three and a maximum of ten members. The Chairperson and two members shall be appointed to review each foreign direct investment from among the employees of the Ministry and other state bodies operating in the field of activities referred to in the fifth paragraph of the previous Article in which each foreign direct investment is carried out, with at least one member being a representative of another state body.

(3) If necessary, the expert group shall also obtain the opinion of another legal entity governed by public or private law operating in the field of activities referred to in the fifth paragraph of the previous Article regarding the assessment of the impact of the foreign direct investment on public policy and security from the point of view of their competence.

(4) Prior to the commencement of an individual review of foreign direct investment in the field of activities referred to in the fifth paragraph of the previous Article, the Chairperson and the members of the expert group shall make a written declaration of interest disconnection with the foreign investor and the target company or the acquired company or the newly established company, and a statement that they will protect all information, facts and circumstances of which they will become aware in the performance of the group's tasks.

(5) The expert group shall conclude its work by preparing an opinion to determine whether foreign direct investment affects the security or public order of the Republic of Slovenia and proposes that foreign direct investment in the field of activities referred to in the fifth paragraph of the previous Article should either be approved, approved to a limited extent by laying down the conditions for its implementation, or prohibited. The expert group shall submit its opinion to the Minister.

#### **Article 31e (decision under review)**

(1) On the basis of the opinion of the expert group referred to in the fifth paragraph of the previous Article, the Ministry shall issue a decision on whether a foreign direct investment is to be approved, granted to a limited extent by laying down the conditions for its implementation, or prohibited. The Ministry shall issue the decision referred to in the previous sentence within two months of receipt of the opinion of the expert group.

(2) The decision in the review procedure shall be limited to whether the foreign direct investment may affect the security or public order of the Republic of Slovenia.

(3) A foreign direct investment shall be approved if the impact on public order and security in the Republic of Slovenia is negligible or non-existent.

(4) The conditions for the implementation of a foreign direct investment shall be determined if an impact on the security or public order of the Republic of Slovenia has been established, but the impact may be mitigated or prevented by setting the conditions. The conditions for implementation shall be laid down for a fixed period not exceeding ten years, and may be in particular:

- a prohibition on the sale of copyright and related rights owned by the target company or of the company acquired or of a newly created company to natural or legal entities from third countries,

- a ban on the sale of certain tangible and intangible fixed assets acquired by foreign direct investment,



- a prohibition on business cooperation with a legal or natural person affecting public policy or security in any of the Member States, if this has been established either by the Member State or by the European Commission,
- the obligation to reduce the shareholding acquired in the target company or in the company being acquired or in a newly formed company,
- a commitment that certain parts of the target company or the acquired company or the newly established company will be retained in the Republic of Slovenia,
- the obligation to transfer certain sensitive activities from the target company or the acquired company or a newly established company in the Republic of Slovenia to another legal entity with its registered office in the Republic of Slovenia,
- the prohibition of certain practices on the market of the Republic of Slovenia,
- the obligation to continuously perform the original activity of the target company or the acquired company or the newly established company in the Republic of Slovenia,
- the obligation to provide goods and services from the original activity of the target company or the company being acquired.

(5) Where foreign direct investment is permitted on condition that the immovable property linked to the foreign direct investment is not disposed of, the prohibition of alienation shall be recorded in the land register.

(6) In the event of non-compliance with the decision regarding the imposed conditions for the implementation of foreign direct investment referred to in the first paragraph of this Article, the Ministry shall prohibit foreign direct investment by means of a decision and impose measures in accordance with the second sentence of the seventh paragraph of this Article.

(7) Foreign direct investment shall be prohibited if an impact on the security or public order of the Republic of Slovenia has been established, but it cannot be mitigated or prevented by setting conditions. In a prohibition decision, the Ministry may impose measures on a foreign investor to prevent undue interference with security or public order, in particular the disposal of acquired shares.

(8) No appeal shall be allowed against the decision of the Ministry, but an administrative dispute shall be permitted.

(9) A foreign investor or target company, or an acquired company or a newly established company, shall report annually to the Ministry on the adoption of measures to comply with the conditions set out in the fourth paragraph of this Article until the expiry of the measures imposed.

## **VII. SUPERVISION**

### **Article 32 (supervision)**

(1) The Ministry shall supervise the implementation of subsidy contracts referred to in Article 18 of this Act, the verification of the earmarked use of subsidies and strategic investment contracts referred to in Article 24 of this Act, the provisions of the first, second, third and fourth subsections of Article 31.a of this Act, Article 31b of this Act and the provisions of the first and ninth subsections of Article 31.e of this Act shall be carried out by the Ministry.

(2) The public agency shall supervise the implementation of subsidy contracts referred to in Article 14 of this Act and the verification of the intended use of subsidies.

(3) The Ministry shall submit to the Government an annual report on the incentives granted no later than 31 March of the current year for the previous year.

(4) The public agency and the Ministry shall publish the effects of the objectives set for each company on their website.

## **VII.A PENAL PROVISIONS**

### **Article 32a (Offences relating to the notification and screening of foreign direct investments)**

(1) A fine of between EUR 100 000 and EUR 250 000 shall be imposed on a legal person for an offence, and if a legal person is considered to be a medium or large company under the law governing companies, on a fine of between EUR 200 000 and EUR 500 000 if:

1. fails to notify a foreign direct investment within 15 days of the conclusion of a legal transaction or of the publication of a takeover bid by which a foreign investor in a company with its registered office in the Republic of Slovenia directly or indirectly acquires at least 10% of the share capital or voting rights (the first paragraph of Article 31a);

2. fails to notify a foreign direct investment within 15 days of the registration of the establishment of a new company in the court register in the Republic of Slovenia, by which it directly or indirectly acquires at least 10% of the share capital or voting rights in the newly established company (second paragraph of Article 31a);

3. fails to report all information on foreign direct investment in accordance with the third and fourth paragraphs of Article 31.a of this Act, respectively;

4. fails to provide additional explanations or explanations to the notifying committee or expert group within the time limit or to provide relevant evidence (Article 31b);

5. disregard the prohibition or conditions on the implementation of foreign direct investment (first paragraph of Article 31.e);

(6) fails to report to the Department in accordance with the ninth subsection of Section 31.e of this Act.

(2) A fine of EUR 50,000 to EUR 150,000 shall be imposed on an individual entrepreneur or an individual who performs an activity on an independent basis for the offence referred to in the preceding paragraph.

(3) A fine of EUR 2,000 to EUR 10,000 shall be imposed on the responsible person of a legal person, a responsible person of an individual entrepreneur or a responsible person of an individual who performs an activity independently.

(4) An individual shall also be punished with a fine of EUR 1,000 to EUR 5,000 for the offence referred to in the first paragraph of this Article.

## **VIII. TRANSITIONAL AND FINAL PROVISIONS**

### **Article 33 (Termination of regulations)**

(1) On the date of entry into force of this Act, the Act on the Promotion of Foreign Investments and Internationalisation of Enterprises (Official Gazette of the Republic of Slovenia, No. 107/06 – official consolidated text, 11/11, 57/12 and 17/15) shall cease to be in force and shall apply until the entry into application of this Act.

(2) On the date of entry into force of this Act, the Regulation on Financial Incentives for Foreign Direct Investment (Official Gazette of the Republic of Slovenia, No. 62/14) and the Regulation on the Organisation, Management and Operation of Representative Offices of the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investment Abroad (Official Gazette of the Republic of Slovenia, Nos. 94/06 and 41/08), which shall apply until the entry into force of the regulations issued on the basis of this Act, shall cease to be in force.

(3) Procedures initiated prior to the entry into application of this Act pursuant to Article 7b of the Act on the Promotion of Foreign Investments and Internationalisation of Enterprises (Official Gazette of the Republic of Slovenia, No. 107/06 – official consolidated text, 11/11, 57/12 and 17/15) shall be completed in accordance with the existing regulations.

#### **Article 34 (deadline for issuance of by-laws)**

(1) No later than six months after the entry into force of this Act, the Government shall adopt a regulation referred to in the seventh paragraph of Article 4, the third paragraph of Article 5 and the third paragraph of Article 28 of this Act.

(2) The Minister shall issue the forms referred to in the second paragraph of Article 15 of this Act and the fifth paragraph of Article 21 of this Act within six months of the entry into force of this Act.

(3) The Minister shall issue the regulations referred to in the eighth subsection of Article 30 of this Act and in the eighth subsection of Article 31 of this Act within six months of the entry into force of this Act.

#### **Article 35 (harmonisation of the decision establishing the Agency)**

(1) In the Act on a Supportive Environment for Entrepreneurship (Official Gazette of the Republic of Slovenia, Nos. 102/07, 57/12, 82/13, 17/15 and 27/17), the word "foreign" shall be deleted in the first paragraph of Article 7.

(2) As of the date of entry into force of this Act, the Public Agency of the Republic of Slovenia for the Promotion of Entrepreneurship, Internationalisation, Foreign Investments and Technology shall continue its work in the field of promoting entrepreneurship, internationalisation, investments and technology in accordance with this Act.

(3) Within six months of the entry into force of this Act, the Government shall harmonize the Decision on the Establishment of the Public Agency of the Republic of Slovenia for the Promotion of Entrepreneurship, Internationalisation, Foreign Investment and Technology (Official Gazette of the Republic of Slovenia, No. 93/15) with this Act.

#### **Article 36 (Enactment of the Act)**

This Act shall enter into force on the fifteenth day following its publication in the Official Gazette of the Republic of Slovenia and shall apply on 1 July 2018.