

EUROMOD

COUNTRY REPORT



SLOVENIA (SI)

2017-2020

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EUROMOD is a tax-benefit microsimulation model for the European Union (EU) that enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

EUROMOD covers the 28 Member States and is updated to recent policy systems using data from the European Union Statistics on Income and Living Conditions (EU-SILC) as the input database, supported by DG-EMPL of the European Commission.

The European Commission is in the process of taking over responsibility for carrying out the annual update and release of EUROMOD. The transfer of responsibility is expected to be complete by the end of 2020 and the transition is being facilitated by close cooperation between the University of Essex and the Joint Research Centre (JRC) of the European Commission as well as Eurostat.

This report documents the work done in one annual update for Slovenia. This work was carried out by the EUROMOD core developer team, based in ISER at the University of Essex, in collaboration with a national team.

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The results presented in this report are derived using EUROMOD version I3.0. EUROMOD is continually being improved and the results presented here may not match those that would be obtained with later versions of EUROMOD. For more information, see:

<https://www.euromod.ac.uk>

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<http://ec.europa.eu/social/easi>. The information contained within this document does not

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1. BASIC INFORMATION

1.1 Basic information about the tax-benefit system

- The tax-benefit system is a unified, national system.
- The "fiscal year" runs from January 1 to December 31. Since 2020 the benefit levels have been adjusted once a year (in March) in line with the consumer price index, while in years before 2020 benefits were mostly adjusted twice a year (in July and in January). However, due to the Implementation of the Republic of Slovenia's Budget Acts for years 2017–2018, and 2018–2019 there were no benefit levels adjustments till the end of 2018, with the exception of the minimum income amount.
- The last pension reform was implemented in January 2013. Full pensionable age is set at 65 for both men and women in 2020. The transition period, which lasted from 2013 to 2019, has thus ended. This means that insured persons retiring prior to the full pensionable age receive "penalties". There are numerous exemptions to the penalty rule. It has to be stated that the retirement prior to full pensionable age is also conditional on the accumulation of a sufficient number of qualifying years.
- Minimum school leaving age is 15. The definition of dependent children differs for tax and for benefit purposes. For tax purposes, dependent children are defined as: (a) children aged less than 18; (b) children in full-time education aged less than 26 and (c) unemployed children at age 18 or above without own income or with own income less than family allowance for dependent child. The definition of dependent children for benefit purposes is more rigorous; the dependent children are defined as children aged less than 18 or aged less than 26 if the child continues with full-time education. Irrespective of above definition, children should not be employed or married, should not have children and must cohabit with parents in order to be considered dependent children.
- Since 2012, when Exercise of Rights to Public Funds Act has been enacted, the lone parent or single-parent family definition has been much stricter. It is a union of one parent and children, whereas the other parent had died and the child does not receive any support after the deceased parent, or if the other parent is unknown, or if the child does not receive any income support from the other parent. This means that a union of a child and one parent, receiving maintenance payment from the other parent, is not treated as a single-parent family. Large family is a family with three or more children.
- The income tax system is an individual system, with the spouses being assessed independently.
- Flat tax rate for capital incomes (dividends, capital gains and interests) and income from rents increased from 25% to 27.5% in 2020.
- Tax Administration sends an informative calculation of PIT to taxpayers according to administrative records. If taxpayers do not lodge an appeal, this informative calculation is considered to be a final tax provision. In tax return, information on all types of income subject to tax, amounts of advance PIT paid during the year, employee social security contributions and tax allowances are provided. Withholdings usually do not match the exact amount due in financial year because of some incomes on irregular basis and some additional allowances that are not taken into account during the year.
- There is no unique indexing regime for taxes and benefits, although there are indexing rules for particular benefits. The amounts of family benefits, social assistance and housing benefit are up-rated once per year in March in line with consumer price index in previous

year. On the other hand, income brackets for social benefits (child benefit, national scholarship, childcare subsidy and subsidized school meals) are up-rated once per year in January according to CPI in previous year (since 2018). Pension up-rating is established in pension legislation and pensions are up-rated every year in February according to the following formula: 60% of average gross wage growth in previous year compared to the average wage in year before plus 40% of the average consumer price index growth in previous year compared to the year before. Income tax thresholds, income tax allowances and tax credits are up-rated in December each year according to consumer price index in November. Since 2010, the indexation regime has been temporarily changed through intervention acts due to economic crises. Pensions were uprated according to the Implementation of the Republic of Slovenia's Budget Acts twice in each year from 2017 to 2019. In years 2017 and 2018 only the minimum income was adjusted while the social benefits were not uprated due to the implementation of the Republic of Slovenia's Budget 2017–2019 Acts. Social benefits were uprated again in July 2019. The minimum income has been uprated more frequently; twice in year 2017, three times in 2018 and twice again in 2019. Since August 2019 the amount of the minimum income has been set to 402.18 EUR. Most benefits depend on annual income. Exceptions are social assistance, income support and housing benefit where three-month income prior to the submission of the claim is taken into account. Social contributions and benefits are delivered on a monthly basis. Exceptions are large family allowance which is delivered once a year and birth grant which is delivered only at the birth of child. Income tax liability is based on annual income and allowances and thresholds are referred to in annual terms.

- The Exercise of Rights to Public Funds Act (2010) regulates cash benefits (child benefit, and national scholarship), subsidies and payments from public sources. The order in which to apply for cash benefits is defined, as is the definition of the family, and income and property to be taken into account in means testing. The Social Benefits Act (2010) regulates social assistance and income support.
- The most important cash benefits can be exercised by the applicant according to the following set order: 1) child benefit, 2) social assistance, 3) income support and 4) national scholarship. This order is very important as family income, a subject of income test, includes also previous social benefits.
- In May 2012, Public Finance Balance Act was adopted in order to lower public expenses and high deficit which tends to increase. This act, which has come into force on June 1, 2012, tightened the eligibility conditions and reduced benefits amounts. Some measures have been permanent while others have been temporary; the measures which regulate family benefits (parental payment, child benefit, birth grant, large family allowance, parental allowance and national scholarships) were in force, according to the Act, until one year after the year when GDP growth reaches 2.5% and/or the growth of the activity rate in the age group from 20 to 64 years exceeds 1.3%. Most changes were enacted by the Implementation of the Republic of Slovenia's Budget Act for different years. According to these acts 2014 was the first year after the recession period when GDP growth was greater than 2.5% and 2017 was the year when the growth of GDP and at the same time the growth rate of activity (in the age group from 20 to 64 years) were greater than 2.5% and 1.3%, respectively. Thus, some austerity measures regulating family benefits were already partially abolished in years 2016 and 2018 (child benefit), but most of them were abolished in January 2019 (parental payment, paternity leave, large family allowance, and national scholarship).

1.2 Social Benefits

Wage compensation for sick leave (*bolniško nadomestilo*): contributory; it is paid by compulsory health insurance from the 31st day of absence from work (prior is paid by employer) and depends on the physicians' (or, where applies, the National Health Insurance Institute's medical board) assessment of the state of sickness. There are no waiting days for this benefit. If absence from work is longer than one year or if there is no prospect of recuperation, the insured person can be referred to the invalidity board at the Institute for Pension and Disability Insurance. The amount of wage compensation depends on the insured person's average monthly salary in calendar year prior to sick-leave, the cause of absence and valorisation method. It amounts from 70% to 100% of the average monthly. It is subject to income tax.

Covid-19 measure, valid from April 11 to May 31 2020: Wage compensation for sick leave is paid by the compulsory health insurance (The National Health Insurance Institute of Slovenia) from the 1st day of absence from work and not by employers (otherwise employers had to pay wage compensation for the first 30 days of sick leave).

Funeral costs refund (*pogrebna*): contributory; the benefit is considered as a form of extraordinary financial social assistance and the relatives of the deceased who are recipients of social assistance or income support are eligible. Besides, relatives of the deceased with family income below the income threshold (617 EUR for single person and 925 EUR for family) are eligible. Since 2014 the benefit amounts to twice the basic amount of the minimum income (804.36 EUR since August 2019). This benefit is not subject to income tax.

Death benefit (*posmrtnina*): contributory; it is considered as a form of extraordinary financial social assistance and the relatives of the deceased who are recipients of social assistance or income support are eligible. Besides, relatives of the deceased with family income below the income threshold (single person: 1.47*minimum income, two adults: 2.04*minimum income, two adults and one child: 2.74*minimum income, two adults and two children: 3.33*minimum income, single parent and one child: 2.35*minimum income, single parent and two children: 3.12*minimum income) are eligible. The benefit amounts to the basic amount of the minimum income (402.18 EUR in 2020). The benefit is not subject to income tax.

Parental (maternity) payment (*starševsko nadomestilo*): contributory; the total leave associated with childbirth consists of maternity leave (3 months) and parental leave (9 months) and amounts to 365 days. In some cases parental leave is prolonged. Eligibility to wage compensation during parental leave is held by persons who were insured for at least 12 months in the last three years before the start of the individual part of parental leave. Wage compensation during the maternity leave and the child care and protection leave amounts to 100% of the average monthly gross wage of the entitled person during the 12 months prior to the leave. Before Public Finance Balance Act was enacted, the minimum wage compensation amounted to 55% of the minimum wage (uprated value of minimum wage in December 2006 and not current value) and the maximum compensation was 2.5 times the average wage (uprated value of average wage in December 2006 and not current value) in Slovenia during the child care and protection leave and unlimited during the maternity leave. In June 2012, Public Finance Balance Act lowered wage compensation during the child care and protection leave to 90% of the base (average monthly gross wage during the 12 months prior to the leave) and sets its maximum to 2 times average wage in Slovenia. In cases when the base was equal or below the amount of minimum wage, the wage compensation during the child care and protection leave still amounted to 100% of the base. In August 2013 another intervention act (Intervention Measures for the Labour Market and Parental Protection Act) set maximum of wage compensation also to the first three months of the maternity leave to 2 times average wage in Slovenia. All these changes were temporary and were abolished in January 2019. Since then the wage compensation during the child care and protection leave has been increased to its initial value of 100% of the base and its maximum has been set to 2.5 times the average

wage in Slovenia. The upper ceiling of wage compensation for maternity leave has become unlimited again. Parental (maternity) payment is subject to income tax.

Paternity leave (*očetovsko nadomestilo*): contributory. In 2016 the fathers were entitled to 70 days of paternal leave; fathers were obliged to use at least 15 days during the maternal leave and 5 days after the parental leave was finished while the rest of the 50 days could have been used until a child's age of three. During the first 20 days of the paternal leave, the father was entitled to 90% wage compensation, while for the rest of the 50 days only the social security payments based on the minimum wage were paid. In 2017, fathers were entitled to 25 days of compensated paternal leave (90% of the base, 15 days should have been used in six months after the birth and 10 days until the end of the child's first grade of primary school) and 25 days of unpaid leave which could have been used until a child's age of three. In 2018 fathers were entitled to 30 days of compensated paternal leave (90% of the base, 15 days should have been used in the period from the birth of a child until at least one month after the end of parental leave, and 15 days until the end of the child's first grade of primary school). The right to unpaid leave was abolished. Since January 2019 the wage compensation during the paternity leave have been increased from 90% to 100% of the base and its maximum has been set to 2.5 times the average wage in Slovenia. The benefit is subject to income tax.

Old age pension (*starostna pokojnina*): contributory. The pension is calculated as a percentage of the pension base, which is simply the best consecutive 24-years average of net. The pension is then computed using this pension base, accrual rates and the pension qualifying period. Net pension is subject to income tax, but due pensioners tax credit and seniors tax allowance most of pensions remain untaxed.

Survivor pension (*družinska pokojnina*): contributory. Pensions are granted to family members of the deceased. Except for the spouse, which does not have to fulfil this condition, it is required for the other members that they were dependent on the income of the deceased. The spouse can receive a widow's pension, provided an age criterion is met (57 in 2020 and a half of year more in the next two years up to 58 years in 2022); if the spouse was not an insured person, he/she could obtain a widow's pension 5 years before the above mentioned age (from 52 in 2020 up to 53 years in 2022). Children can receive a survivor's pension up to the age of 26, provided they annually submit an attestation of school attendance. As a general rule, the amount of survivors' pension is dependent on the invalidity pension the deceased would have received or the pension if the deceased had been retired, potential beneficiaries and their sources of income. Survivor pension is subject to income tax. Same rules are in force as for old age pensions, except considering the number of beneficiaries.

War and farmers pension (*vojaške in kmečke pokojnine*): contributory. War veterans and farmers retire under special conditions. War and farmers pensions are subject to tax.

Disability - invalidity pension (*invalidska pokojnina*): contributory. The granting of disability pensions depends on the cause of disability. In case of an occupational disease or employment injury, the insured person can obtain a pension regardless of his insurance period. If the cause of disability is illness or off-the-job injury, a sufficient insurance period is required. As a general rule, the insurance period must cover at least one third of the period from age 20 to the date of the occurrence of disability. The computed disability pension is still somewhat higher than the old-age pension for two reasons: first, there are no penalties for pensioning prior to full pensionable age, and, second, the minimum disability pension is more generous. Part-time invalidity pension is also possible. Disability-invalidity pensions are subject to tax.

Wage compensation for disabled workers (*nadomestila za delovne invalide*): contributory. There are few benefits: disbursements for disabled insured persons who are reassigned to new jobs, for persons who are involved in occupational rehabilitation, for persons who have

temporarily withdrawn from active labour force and are temporarily unemployed. Wage compensation is subject to tax.

Attendance supplement (*dodatek za pomoč in postrežbo*): contributory; for old-age, survivor and disability pensioners whom the assistance and care by another person is indispensable; not subject to tax. Recipients of social assistance whom the assistance and care by another person is indispensable are also eligible to attendance supplement.

Income support (*varstveni dodatek*): Income support is a social protection benefit, enacted from January 2012, and intended for persons, who cannot ensure their financial security due to circumstances beyond their control. It replaces pension support for pensioners and state pension which have been abolished. Persons, who are permanently unemployable or permanently incapable for work or women older than 63 years or men older than 65 years, whose family income (defined in the same way as for social assistance) does not exceed the minimum income amount, are eligible for income support. Income support is also means tested in the same way as social assistance (social assistance included into family income).

Disability supplement for disabled (*invalidnina za telesno okvaro*): contributory; for all insured disabled persons; not subject to tax.

Yearly bonus for pensioners (*letni dodatek*): contributory. Persons who qualify for old-age pension, survivor pension or invalidity benefits (who not receive wage) are eligible to yearly bonus for pensioners. The amount of this benefit depends on the level of pension and type of pension (or benefit). It is paid once a year and is subject to tax.

Unemployment wage compensation (*denarno nadomestilo med brezposelnostjo*): Unemployment wage compensation is a benefit for unemployed who were employed for at least 9 (6 for persons aged less than 30) months in the last 24 months prior to the termination of employment (not by their own fault or will) and are covered by unemployment insurance. Duration of unemployment wage compensation varies from 3 (2 for persons aged less than 30 and employed less than 9 months) to 25 months depending on the length of insurance period. The benefit level amounted to 80% of the basis in the first three months, 60% thereafter in the first year and 50% after the year of receiving. The minimum benefit level is equal to the 530.19 EUR while the maximum level is 892.50 EUR. The beneficiaries are paid health-, pension- and disability insurance. Unemployment compensation is subject to personal income tax.

Credited social contributions up to full working time for parents of children under three/six (*pravica do plačila prispevkov iz naslova krajšega delovnega časa*): contributory; one of the parents, with a child up to three years and working at least half-time, has the right to have social security contributions up to full working time (based on minimum wage) paid from the state budget. This benefit is subject to tax. Since January 2007 this right had been extended to parents with at least two children until the sixth year of the youngest child. The latest change was enacted in 2014, since when the right to work part time ends when the youngest child finishes the first grade of primary school, but the right to work part-time for one-year is non-transferable for each parent.

Credited social contributions for parents of four or more children who exit the labour market (*pravica do plačila prispevkov zaradi zapustitve trga dela*): contributory. Up to 2014 one of the parents who exited the labour market due to nursing and caring for four or more children, until the youngest child reached the age of ten, was entitled to credited social security contributions on the basis of a minimum wage. Since 2014, this right has been shortened to the end of the first grade of primary school of the youngest child. This benefit is subject to tax.

Compensation for lost income due to care of child who need special care (*delno plačilo za izgubljen dohodek*): contributory. One of the parents will be entitled to a partial compensation

for lost income if he/she stops working or reduces working hours due to care of a child who need special care. This benefit is subject to tax.

Parental allowance (*starševski dodatek*): non-contributory; granted to persons who are not eligible for the insurance-based wage compensation during the parental leave. Qualified is a mother who is a national of Slovenia and has a permanent residence in Slovenia and is not receiving any wage compensation. A child must be a national of Slovenia and the father must not receive any parental leave wage compensation. The father is qualified if the mother dies, abandons a child, is not able to live and work independently, or if she, during the period of entitlement, enters into employment or self-employment. It is not means-tested. Parental allowance is not subject to income tax.

Birth grant (*pomoč ob rojstvu otroka*): non-contributory; universal non means-tested benefit for a child born in Slovenia, if the mother or the father has permanent residence in Slovenia. This benefit is granted either in-kind or in cash. It is one-time benefit and not subject to income tax. Public Finance Balance Act has introduced income test for this benefit and since June 2012 only families with net family income per family member below 64% of average net wage have been eligible. Since 2018 birth grant has been again universal non means-tested benefit.

Child benefit (*otroški dodatek*): non-contributory means-tested benefit held by one of the parents for a child residing in Slovenia. Child benefit is paid only in case if income per family member, in the calendar year prior to the submission of a claim, was below the average wage in Slovenia. The level of child benefit depends on the average monthly income per family member in a calendar year prior to the submission of a claim and the birth order of a child. The right to a child benefit is held until the child reaches 18 years of age, regardless further enrolment in regular education. From 2018, income brackets are set in absolute terms while they were previously set as a percentage of an average wage. Child benefit is not subject to income tax.

Large family allowance (*dodatek za veliko družino*): a non-contributory universal non means-tested transfer to families with three or more children. Eligible are families with three or more children below age 18 or up to the age of 26 if child is enrolled in regular education. The level of benefit is paid once a year and is not subject to income tax. Public Finance Balance Act has introduced income test for this benefit and from June 2012 to December 2018 only families with net family income per family member below 64% of average net wage were eligible. Since 2019 large family allowance has again become universal and non means-tested benefit for families with three or more children.

Childcare supplement (*dodatek za nego otroka*): non-contributory; it is non means-tested benefit, monthly paid for seriously ill children and physically or mentally handicapped children. Childcare supplement is not subject to income tax.

National scholarship (*državna štipendija*): non-contributory means-tested benefit. Amount of scholarship depends on student's family income per capita, students' grades and commuting or accommodation. Income brackets are set in absolute terms; from February 2020, pupils and students whose family income does not exceed 680.56 EUR per family member are eligible for national scholarship.

Housing benefit (*subvencija najemnine*): is non-contributory, means-tested and covers part of rent for a person whose family income does not exceed certain threshold. Share of covered rent depends on the size of apartment and beneficiary's income, and must not exceed 80% of respective non-profit rent. It is not subject to tax.

Social assistance (*socialna pomoč*): non-contributory; the benefit level is the difference between the minimum income for a single person or a family and their own income net of taxes and compulsory social security contributions. The basic amount of minimum income is set by the law

and from 2020 adjusted once a year (before 2020 twice a year), namely in March according to the change in the cost of living in the previous year. Social assistance is not subject to income tax or social security contributions.

- *Not strictly benefits*

Sick leave payments paid by employers (*bolniško nadomestilo*): is payable to employees by employer for the first 30 days of sickness. It amounts to 100% of the average monthly salary in previous month in case of soldiers and civil invalids from wartime, occupational disease, employment injury, transplantation of tissues or organs for the benefit of others, donation of blood and quarantine. It drops to 80% if the insured person is absent from work due to illness, or 70% in case of non-employment related injuries, nursing of a close family member, escort of others, or during the period of qualifying for rehabilitation of a handicapped child at home.

Covid-19 measure, valid from April 11 to May 31 2020: Wage compensation for sick leave will be paid by the compulsory health insurance (The National Health Insurance Institute of Slovenia) from the 1st day of absence from work and not by employers (otherwise employers had to pay wage compensation for the first 30 days of sick leave).

Entitlement payments from the Guarantee Fund (*pravica v primeru insolventnosti delodajalca*): are granted to those workers who lost their jobs due to the initiation of bankruptcy proceedings, forced settlement or liquidation of a commercial company from the court register under the provisions of the Act on Financial Operations of Companies. Guarantee Fund provides unpaid wages, wage compensations (up to the ceiling of minimum wage) and compensation for dismissal (up to the ceiling amounting to half of minimum wage).

Maintenance replacement (*nadomestilo preživnine*) is provided by the Maintenance Fund and is intended for beneficiaries – children – who have been allocated maintenance under a final court ruling, a temporary injunction or an agreement with the Social Security Department, but which the person liable is not paying. It is deemed that a person liable to pay maintenance is defaulting on payment if maintenance has not been paid for three consecutive months or is being paid irregularly. The level of maintenance replacement depends on the age of the child.

Childcare subsidy for pre-school childcare (*znižano plačilo vrtca*) amounts to 23%-100% of the price of services; the percentage depends on family income per member, and to certain extent also on family assets. The difference between the prices and fees collected from parents is covered from the municipal budgets.

Subsidized school meals (*subvencije šolske prehrane*) are intended for children in primary and secondary schools. Children in primary schools from families with net family income per family member below 563.60 EUR and children in secondary schools from families with net income per family member below 446.62 are eligible for free snacks. Children in primary schools from families with net family income per family member below 382.82 EUR are eligible for free lunch as well. Pupils in secondary schools from families with net income per family member above 446.62 EUR are eligible for subsidised snacks in school too; 70% of snack price if income per family member is below 563.60 EUR and 40% of sack price if income per family member is below 680.56 EUR. From 2018, income thresholds are set in absolute terms while they were previously set as a percentage of an average wage. This benefit is means-tested.

Subsidized meals for high-school students (*subvencionirana študentska prehrana*): Each high-school student is entitled to one subsidized meal for every working day (with exception in period of July 15th to August 15th). Subsidy amounts to 2.69 EUR per day.

Subsidized commuting for children in primary schools as well as secondary and high school students (*subvencija šolskih prevozov*) who daily travel to school. The subsidy for children in primary school is 100%. The subsidy for children in secondary school depends on the distance.

Textbook funds (*učbeniški sklad*) provided to all children in primary schools who can borrow textbooks from school for free. Children in secondary schools can borrow textbook from school for fee which cannot be higher than 1/3 of textbook price.

Foster allowances (*dohodki, ki jih prejema oseba za oskrbo otroka v rejniški družini*) are paid to families looking after children in foster care.

- ***First package of Covid-19 related benefits (until the end of May 2020)***

Wage compensation for workers on hold (*nadomestilo plače za čas čakanja na delo*). During the absence of work (due to activity reduction of company or company closure), the employer may refer the worker to a temporary waiting for work – these are workers on hold. In this case, the worker is entitled to wage compensation in the amount of 80% of the basic salary. Wage compensation must not be below the minimum wage. Workers not working due to reasons caused by epidemic (childcare; inability to come to work due to lack of public transport; healthy persons in the event of a quarantine ordered by decision of the Minister of Health, who have been or are suspected of having contact with someone with covid-19 illness) have the same status as workers on hold. The measure is in force for period from March 13 to May 31.

Reimbursement of wage compensation for workers on hold to employers (*povračilo nadomestila plače*). Employers may apply for the reimbursement of wage compensation for workers on hold. Eligible are all employers who expect their average monthly revenues in 2020 to decrease by more than 10% compared to 2019. Employers who will get assistance according to the Act and will not fulfil conditions when submitting annual reports for 2020 will have to repay all financial aid. Two types of employers are not eligible under any conditions: a) employers, who are direct or indirect users of the budget of the Republic of Slovenia or the budget of the municipality and got more than 70% of their revenues from public sources in year 2019, and b) an employer pursuing a financial or insurance activity belonging to group K according to the Standard classification of activities with more than 10 employees. The wage compensation for workers on hold will be reimbursed by the state, but only up to the level of average wage in Slovenia in 2019. All social contributions for all workers on hold (workers staying at home) due to activity reduction of company or company closure will be paid from the state budget, but only up to the level of social security contributions paid from average wage in Slovenia in 2019. The measure is in force for period from March 13 to May 31.

Delayed payment of social security contributions for self-employed, farmers and religious workers (*Odlog in oprostitev plačila prispevkov samozaposlenim, verskim delavcem in kmetom*) The payment of social security contributions for self-employed without employees and any other forms of insurance (for example, retirement, employment, parental leave) might be delayed for the period from April to June and must be paid until March 31, 2022.

Universal income for self-employed (*Temeljni dohodek za samozaposlene*) Special assistance (universal income) will be granted to all eligible self-employed and other beneficiaries: 350 EUR for March and 700 EUR for April and May. Eligible are all self-employed and other beneficiaries who are not insured under any other statutory basis (parental leave, retirement, employment, etc.) and:

- are not allowed to carry out their activities or are allowed to carry out activities to substantially reduced extent due to the COVID-19 epidemic, or
- who expect their average monthly revenues in 2020 to be decreased by more than 10% compared to 2019.

Self-employed who get universal income will have to pay it back if additional conditions are not met at the end of the year.

The self-employed eligible for universal income are excused from paying the social security contributions for March (from March 13 on), April and May in the amount of the last paid contributions.

Partial exemptions for social security contributions (delna oprostitve plačila prispevkov) All contributions for pension and disability insurance for employees who remain in employment (are not on hold or on sick leave) are paid by the state. Employers who are budget users and companies belonging to group K with more than 10 employees are not eligible. The measure is in force for period from March 13 to May 31.

Crisis allowance for employees who work (Krizni dodatek za zaposlene) Employers who are eligible for partial exemption for social contributions (previous paragraph) have to pay out to each employee who works and whose last paid monthly salary did not exceed three times the minimum wage, a monthly crisis allowance of EUR 200 which is exempt from all taxes and contributions. Employers who are budget users and companies belonging to group K with more than 10 employees are not eligible. The measure is in force for period from March 13 to May 31.

Lump sum allowance for pensioners (Enkratni solidarnostni dodatek za upokojene) All pensioners with pensions up to 700 EUR will receive lump sum “solidarity supplement” The amount will vary 130 to 300 EUR (three brackets), dependent on the pension amount: 300 EUR for pensioners with pensions up to 500 EUR, 230 EUR for pensioners with pensions from 500.01 EUR and up to 600 EUR and 130 EUR for pensioner with pensions from 600.01 EUR and up to 700 EUR. Eligible are also the recipients of wage compensation for disabled workers who work part time, are temporary on hold or do not work due to reasons caused by epidemic. In case of part-time work, the recipients are eligible only to the proportional amount of allowance.

Lump sum allowance for other vulnerable groups (Enkratni solidarnostni dodatek za druge ranljive skupine oseb) Eligible are persons aged 65 or more and farmers (or their family members) if they are not pensioners and their incomes are below income and means-test for income support. students, unemployed recipients of wage compensation for disabled workers, the recipients of: a) social assistance and income support (who are not retired), b) parental allowance, c) childcare supplement, d) parental payment up to the amount of minimum wage, e) compensation for lost income due to care of child who need special care, f) foster carers for each child up to the age of 18. The amount of the benefit is 150 EUR. The recipients of child benefit from 1st to 6th income bracket are eligible to 30 EUR for each eligible child, but only if parents are not eligible to the lump sum allowance due to other reasons or to the increased large family allowance.

Higher amount of large family allowance (Dodatek za veliko družino). The amount of large family allowance for 2020 is increased due to Covid-19 to 504.48 EUR for the families with three children and to 691.52 EUR for families with four or more children.

Temporary unemployment wage compensation (začasno denarno nadomestilo za čas brezposelnosti) Employees who become unemployed in the time of the epidemic and are not eligible for the (regular) unemployment wage compensation, are eligible to the temporary unemployment wage compensation in the amount of 513.64 EUR per month. The social security contributions are paid as for regular unemployment wage compensation.

Exemption of PIT prepayments on business income (Oprostitev plačila akontacije dohodnine od dohodka, doseženega z opravljanjem dejavnosti) PIT prepayments on business income which are due in May and June are exempt from payment.

- *Second package of Covid-19 related benefits (from June 2020)*

Partial subsidisation of part-time employment (subvencioniranje skrajšanja polnega delovnega časa). An employer who provides an employee with work for at least half of the working time might be eligible for the reimbursement of paid salary compensation for the remaining part of working time up to full working time. Eligible are employers who: a) are not direct or indirect users of the budget of the Republic of Slovenia or the budget of the municipality and got less than 50% of their revenues from public sources in year 2019, and b) at least 10% of employees has work for at least 90 % of working time. A subsidy amounts from 448 EUR to 112 EUR per month, depending on the hours of work. The benefit is in force from June to the end of 2020.

Wage compensation for workers on hold (nadomestilo plače za čas čakanja na delo) and Partial reimbursement of wage compensation for workers on hold to employers (povračilo nadomestila plače). The benefit and eligibility conditions for the employee are not changed from the same benefit from the first package of Covid-19 related benefits. However, the employers are eligible only for partial reimbursement of wage compensation for workers on hold which cannot be higher than unemployment wage compensation: 892.50 EUR. The measure is in force in June and in July and it could be prolonged by the end of September 2020 by the government.

1.3 Social contributions

There are four types of compulsory social security contributions, which are paid both by employer and employee: (1) for pension and disability insurance (they are paid to the Pension Insurance Fund), (2) for health insurance (they are paid to the Institute of Health Insurance), (3) for unemployment insurance (they are paid to the central government), (4) for maternity leave insurance (they are paid to the central government). Within the system there are many varieties with regard to these contributions, which depend on the socio-economic status of the insured person. The most important are as follows.

Employee and employer social security contributions (*prispevki za socialno varnost za zaposlene*): If a person is an employee (in a dependent job), the base for contributions is the amount of the gross wage, which also includes gross leave pay, fringe benefits and remuneration of expenses related to work above a certain threshold. The total rate of contribution for employees amounts to 22.10% and 16.10% for employers. There is no upper ceiling but there is a lower ceiling which amounts to 58 % of the last known average annual wage in Slovenia, calculated on a monthly basis. The contributions for employees are paid as a withholding tax by employers, who deduct them from wages.

Social contributions for occasional incomes (*prispevki za socialno varnost za dohodke iz drugega pogodbenega razmerja in ostale priložnostne dohodke*): Since 2014 and 2015, the social contributions are paid for “occasional” incomes as well. Occasional incomes are incomes from contractual work, incomes from student work and royalties.

Self-employed social security contributions (*prispevki za socialno varnost za samozaposlene*): The self-employed are supposed to pay both employee and employer social security contributions at the same rates (22.10% and 16.10%). Social security contributions are calculated on the bases of exact amount of self-employed profit (revenue minus expenses) from pre-previous year (i.e. profit reported in last tax return). There is minimum and maximum threshold for the social security contribution base.

Social security contributions for people receiving social security benefits (*prispevki za socialno varnost za prejemnike socialnih transferjev*): The social security contributions for pensions and pension benefits are paid at the rate of 5.96% on a (artificially) grossed pension, for

maternity payment, paternal payment and wage compensation for disabled workers at the rate of 38.2%, for unemployment wage compensation at the rate of 36.67% on a gross amount of unemployment wage compensation, for compensation for lost income due to care of child who need special care at the rate of 30.71% and at the rate of 24.35% for parental allowance. In the case of parental wage compensations, unemployment benefit and wage compensation for disabled workers the “employee” part of social security contributions is withheld from the gross benefit amount, i.e. effectively paid by the recipient.

Credited social security contributions: There are credited social security contributions for parents at the rate of 30.71%: (a) up to full working time for part-time-working parents with children under 3 or 6 years; (b) paternal payment after 25th day up to the end of 2017 and (c) for a parent who exits the labour market due to the care for four or more children. Besides, health insurance contributions on pensions (paid by Pension Fund to the Health Insurance Company) and health insurance contributions on unemployment assistance (paid by Employment Service to the Health Insurance Company) are also considered credited social security contributions. The “employer” part of social security contributions on parental wage compensations (9.01%), wage compensation for disabled workers (16.10%), and on unemployment benefit (14.97%) could be considered as credited contributions. However, in the external statistics these contributions are treated as transfers between public funds.

1.4 Taxes

Personal income tax (PIT) (*dohodnina*): it is taxed at the individual level and is levied on five categories of income: income from employment, business income, income from basic agriculture and forestry, royalties, and other income accruing to persons liable to tax in the Republic of Slovenia. Most social benefits, which are not wage compensation, are not subject to personal income tax. Revised personal income tax regulation was adopted in 2006, when flat tax rate for capital income was enacted and since then it has been moved out of PIT base. Initially the flat tax rate for capital income was set to 20%, increased to 25% in 2013 and to 27.5 % in 2020. However, there have been numerous amendments to this law since then. One important change was introduced in 2013. Since 2013 income from rents has been moved out of PIT tax base and has been taxed with flat tax rate of 25% and standard costs of 10%. Rules hve changed from 2020 on: flat tax rate is 27.5% and standard costs are 15%.

Derivative instruments gains tax (*davek od dobička od odsvojitve izvedenih finančnih instrumentov*): was introduced in July 2008. The tax is payable by resident individuals and is levied on the difference between the value of the derivative instrument upon disposal and its acquisition value. It is levied at degressive rates depending on the period of holding (from 27.5% to 0% (tax exemption) when the period of holding is longer than 20 years). Gains realized from short-term contracts (less than a year) are taxed at 40%.

Tax on contractual work (*poseben davek na določene prejemke*): is applied to contractual temporary work. The tax is levied at the flat rate of 25% on gross payments and it is paid by employer.

Taxation of winnings from conventional games of chance (*davek na dobitke od iger na srečo*): Winnings from lotteries, raffles, scratch lotteries, bingo, betting and similar games of chance organized in Slovenia are subject to a 15% tax if the prize exceeds EUR 300. In the taxation of winnings the gross principle is used. No deductions are allowed. The tax is withheld by the gaming operator.

Tax on gambling and concession fee (*davek od iger na srečo*): are levied on the gross gaming revenue (GGR) of an operator of games of chance. Two tax rates on gambling of 5% and 18%

apply, depending on the type of game. Additionally, operators of games of chance are subject to a 5% to 45% concession fee on GGR.

Inheritance and gift tax (*davek na dediščine in darila*): applies to transfers of property. The tax is paid by an individual who is the testamentary heir or the heir at law for inheritance tax purposes and the recipient for gift tax proposes. Inheritance and gift tax is not imposed on personal properties which total value is below 5,000 EUR. Taxpayers are divided into four categories according to their relationship with the deceased or donor. Tax rate varies from 0% to 39%.

Property tax (*davek od premoženja*): there are two types of duties on possession of real property. One is a duty, called “charge for the use of building land” and other is property tax. Charge is levied on vacant and constructed building land in possession of legal persons and individuals. Charge is set by local communities for vacant building land based on the area of the building land planned for building, and for constructed building land based on the useful area of the residential house or business premises thereon. Property tax is a tax on buildings in possession of individuals. The tax is levied at different rates depending on the type and value of the premises.

Water vessel tax (*davek na vodna plovila*): is levied on vessels longer than five metres registered in Slovenia or registered in other countries but owned by Slovenian residents. The taxpayers are the owners. The tax is levied for the calendar year, based on the length of the vessel and its engine power.

Motor vehicle tax (*davek na motorna vozila*): For passenger motor vehicles which are put into circulation in Slovenia for the first time (first registration in Slovenia) motor vehicle tax is paid. Import and acquisition of motor vehicles from other EU Member States are also taxed. Tax base is selling price excluding taxes. From the 1st of March 2010 the tax rates depend on the environmental criteria (CO₂ and Euro emission standards), and the rates are from 0.5% to 28% for petrol cars and from 1% to 31% for diesel cars. In the case of diesel motor vehicles particulate matter (PM) emissions are also considered. Tax rates for motorcycles and camper vans are set upon engine capacity in the range from 1.5% to 5% for motorcycles and 6% to 18% for camper vans.

Circulation tax (*letni davek na motorna vozila*) is defined as an annual fee on the use of motor vehicles and is imposed on vehicles registered in Slovenia. The rates are set according to different categories of vehicles, and the outstanding amount is calculated in proportion to the duration of the registration period.

Value added tax (*davek na dodano vrednost*): is charged and paid on supplies of goods and performed services within the territory of Slovenia and the importation of goods into the EU. Before July 2013 the standard VAT rate was 20% and a reduced rate of 8.5% applied mostly to foodstuffs, public passenger transport, pharmaceuticals products, medical equipment, hotel accommodation, books, newspapers and periodicals. Since July 1st 2013, the VAT rates have been increased to 22% for standard rate and 9.5% for reduced rate. Since 2020 a new special reduced VAT rate of 5 % has been introduced for books, newspapers and periodicals. The Value Added Tax Act specifies several categories of goods and services that are exempt from VAT, such as medical services, childcare, etc..

Excise duties (*trošarine*): are levied on tobacco products, alcohol and alcohol beverages, mineral oils, electricity and gas.

Tax on insurance premiums (*davek na promet zavarovalnih poslov*): is levied on insurance premiums and is payable by insurance companies and other legal providers of insurance services within the Slovenia. The tax rate is 8.5%.

Tax on transfer of immoveable property (*davek na promet nepremičnin*): is levied on transfer of immovable property, if VAT has not been charged on such transfer. It is applied to the market value of immovable property transferred. In general, the taxpayer is the seller of the immovable property. The tax rate is 2% of the market value of the transaction.

Customs duties (*carine*): are levied on goods upon importation into the Community customs territory from third countries not belonging to that territory. The rates of duties are laid down in the Common Customs Tariff of the Community and are applied in accordance with the common customs legislation of the EU.

2. SIMULATION OF TAXES AND BENEFITS IN EUROMOD

2.1 Scope of simulation

Not all the taxes and benefits mentioned in the previous section are simulated by EUROMOD. Some are beyond its scope entirely and are neither included in the EUROMOD database nor in its output income variables. Others are not possible to simulate accurately with the available data. They are included in the database and may be chosen as components of output variables, but the rules governing them may not be changed by the model. Table 1 and Table 2 classify each of the main tax-benefit instruments (and some minor ones introduced above) into one of these three groups and provides a brief explanation as to why the instrument is not fully simulated if this is the case.

Table 1 Simulation of benefits in EUROMOD

	Variable name(s)	Treatment in EUROMOD				Why not fully simulated?
		2017	2018	2019	2020	
Wage compensation for sick leave	-	E	E	E	E	No data on contribution history and incapacity for work
Funeral costs refund	-	E	E	E	E	No data on event occurrence
Death benefit	-	E	E	E	E	No data on event occurrence
Parental (maternity) payment	bmact	I/PS	I/PS	I/PS	I/PS	No data on contribution history
Paternal payment	bcrbafh	I/PS	I/PS	I/PS	I/PS	No data on contribution history
Old age pension	poa	I	I	I	I	No data on contribution history.
Income support	bsapm	S	S	S	S	
Survivor pension	psu	I	I	I	I	No data on contribution history and eligibility.
War and farmers pension	Poa, psu, pdi	IA	IA	IA	IA	No data on contribution history and eligibility.
Disability - invalidity pension	pdi	I	I	I	I	No data on contribution history and disability occurrence.
Attendance supplement	bdica	I	I	I	I	No information on disability occurrence;
Disability supplement for disabled	bdi	I	I	I	I	No data on contribution history and disability occurrence; it is included in old-age, survivor and disability pension and wage compensation for disabled workers.
Yearly bonus for pensioners	poa, pdi, psu	IA	IA	IA	IA	
Wage compensation for disabled workers	bdirw	I	I	I	I	No data on contribution history and eligibility. Wage compensation for disabled workers includes also eventual disability supplement.
Unemployment wage compensation	Bunct	I/PS	I/PS	I/PS	I/PS	Part-simulated, but set to toggle by default. No data on contribution history and work readiness.

Compensation for lost income due to care of child who need special care	bcrsvcc	I	I	I	I	Data available is not sufficient to simulate eligibility.
Parental allowance	bmanc	S	S	S	S	
Birth grant	bchba	S	S	S	S	
Child benefit	bchmt	S	S	S	S	
Large-family allowance	bchlg	S	S	S	S	
Childcare supplement	bdicc	I	I	I	I	Data available is not sufficient to simulate eligibility conditions.
National scholarship	bed	I	I	I	I	Data available is not sufficient to simulate eligibility cond. National scholarship is included among all scholarships.
Housing benefit	bho	I/S	I/S	I/S	I/S	Simulated, but set to toggle by default due to over-simulation
Social assistance	bsa	S	S	S	S	
Wage compensation for workers on hold due to Covid-19	yemcomp	-	-	-	S	Simulated, but only produces results with LMA add-on
Crisis allowance for employees who work during Covid-19	yemadd	-	-	-	S	Simulated, but only produces results if recipients of wage compensations are identified
Universal income for self-employed during Covid-19	ysecomp	-	-	-	S	Simulated, but only produces results with LMA add-on
Lump sum allowance during Covid-19	bls	-	-	-	S	Simulated, but switched off by default (included in FYA switch)
Temporary unemployment wage compensation	bunnc	-	-	-	S	No results are generated if the labour market adjustments add-on LMA is not used

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “IA”: included in the microdata in an aggregated variable but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

Table 2 Simulation of social contributions and taxes in EUROMOD

	Variable name(s)	Treatment in EUROMOD				Why not fully simulated?
		2017	2018	2019	2020	
Employee social security contributions	tscee*	S	S	S	S	
Employer social security contributions	tscer*	S	S	S	S	
Self-employed social security contributions	tscse*	S	S	S	S	
Credited social contributions up to full working time for parents of children under three/six	tscctfa01, tscctfa02	S	S	S	S	
Credited social contributions for parents of four or more children who exit labour market	tscctfa03, tscctfa04	S	S	S	S	
Personal Income Tax	tin	S	S	S	S	
Tax on contractual work	taj	S	S	S	S	
Taxation of winnings from conventional games of chance	-	E	E	E	E	Information n/a
Derivative instruments gains tax	-	E	E	E	E	Information n/a
Tax on gambling	-	E	E	E	E	Information n/a
Inheritance and gift tax	-	E	E	E	E	Information n/a
Property tax	tpr	I	I	I	I	Information n/a
Water Vessel Tax	-	E	E	E	E	Information n/a
Motor vehicle tax	-	E	E	E	E	Information n/a
Circulation tax	-	E	E	E	E	Information n/a
Value added tax	-	E	E	E	E	Information n/a
Excise duties	-	E	E	E	E	Information n/a
Tax on insurance premiums	-	E	E	E	E	Information n/a
Tax on transfer of immoveable property	-	E	E	E	E	Information n/a
Customs Duties	-	E	E	E	E	Information n/a

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is (neither included in the micro-data nor simulated); “I”: *included* in the micro-data but not simulated; “IA”: included in the microdata in an aggregated variable but not simulated; “PS”: *partially simulated* as some of its relevant rules are not simulated; “S”: *simulated* although some minor or very specific rules may not be simulated.

- ***Structural changes between 2017 and 2018***

Paid paternal leave has been prolonged to 30 days and the right to unpaid paternal leave was abolished.

Income brackets/income thresholds for some social benefits (child benefits, national scholarship, subsidised school meals) are set in absolute terms and no longer as a percentage of net average wage. Income brackets will be updated with CPI every year in January.

Basic minimum income amount (used for social assistance and housing benefits) has been increased, while the amounts of other benefits have not changed.

The austerity measures have been abolished and in 2018 families with dependent children from the 7th and 8th income bracket become eligible for child benefits again. Pre-school child up to the age of four, who is not enrolled in pre-school education, is entitled to a 20% higher child benefit since March 2018. Before 2018 all pre-school children who were not enrolled in pre-

school education were entitled to this supplement. Birth grant has become a universal (not means-tested) benefit again.

General allowance for PIT for the second personal income bracket changes according to the income level. Tax allowance for working students has been increased to the level of general allowance. Unemployed, who are lacking up to one year until retirement, have their pension and disability insurance contributions paid by the employment service until they retire. Before the beneficiaries were unemployed, who were lacking up to two years until retirement.

- *Structural changes between 2018 and 2019*

Between 2018 and 2019 some changes were made regarding the family benefits. Since January 2019 wage compensation during parental and paternity leave has been increased to 100 % of the average monthly gross wage of the entitled person (90 % of the base before) with the maximum set to 2.5 times the average wage in Slovenia (2 times before); the maximum wage compensation for maternity leave has again become unlimited; all families with more than two children have become eligible for the large family allowance regardless their income.

In January 2019, the income brackets' thresholds for defining benefits eligibility conditions were increased. They were adjusted with the rise in consumer prices in the period January-December 2018 compared to the same period in the year before.

- *Structural changes between 2019 and 2020*

At the beginning of the year 2020 the minimum wage was increased, while the minimum income remained at the same level since its last adjustment in August 2019.

The minimum level for the unemployment wage compensation has been increased and all social benefits were adjusted by 2.4%. The income brackets for the social benefits have been adjusted by the same rate.

PIT tax brackets have been changed and tax rates for the second and third income tax brackets have been decreased.

Measures to combat Covid-19 negative effects have been introduced. Wage compensation for workers on hold due to Covid-19, crisis allowance for employees who work during Covid-19, universal income for self-employed during Covid-19, temporary unemployment wage compensation and lump sum allowance for vulnerable groups are modelled in EUROMOD for 2020.

2.2 Order of simulation

The following table shows the order in which the main elements of the Slovenian system in 2017–2020 are simulated, i.e. spine.

The defined order shows the start of Slovenian policy simulations with the minimum wage, which is followed with the simulation of Covid-19 related measures and related changes in incomes: wage compensation scheme, crisis allowance for employees who worked during Covid-19 and universal income for self-employed due to Covid-19. These measures are followed by the benefit take-up adjustments. Currently, adjustments are made to social assistance and income support.

Next, contributory unemployment wage compensation, contributory parental payment and paternity leave benefit are simulated. Note that the simulation of minimum wage is not included in the baseline simulation; that is, for the baseline results employment income is read directly

from the input data. The same applies for the unemployment wage compensation; it's not simulated and input data are used in the baseline.

The next policy calculates tax on contractual work and payroll tax. The following four policies concern the simulation of the social insurance contributions: for employers, for employees, for self-employed and credited social security contributions for parents (contributions up to full working time for parents of children under three/six and for parents of four or more children who exit labour market). Next, personal income tax after standard and family tax allowances is calculated.

Following the contributions and taxes, the benefits are simulated. New legislation in 2012 requires new order of benefits simulation. According to the Exercise of Rights to Public Funds Act, the beneficiary must apply for benefits in the following set order:

1. child benefit;
2. social assistance;
3. income support;
4. national scholarship.

This set order is very important as the income, which is the basis for income test, includes also benefits to which the applicant was or would be entitled, if this he/she enforced or would enforce this right in accordance with the order as stipulated above.

Parental allowance is followed by “new” child benefit for year 2012 and onwards, birth grant and large family allowance. The two means-tested benefits, social assistance and housing benefit depend on income after income tax and employee and self-employed contributions. They are therefore simulated after the simulation of income taxes and contributions. The housing benefit income test takes account of parental allowance and social assistance, but it should be mentioned that it is not simulated in the baseline. Covid-19 lump sum allowance for vulnerable groups is simulated next. As the child benefit income test (before 2012) takes account of social assistance and housing benefit “old” child benefit policy for year 2011 comes after social assistance and housing benefit (it is set off from 2012). Finally, other credited social insurance contributions are simulated: health insurance contributions on pensions and unemployment assistance and employer part of social insurance contributions on benefits. Year 2020 is quite exceptional as many Covid-19 policies are added to the spine. Otherwise, no changes to the order of simulation are made for year 2015 and after.

Table 3 EUROMOD Spine: order of simulation, 2017–2020

	Policy	Grp/No	SI_2017	SI_2018	SI_2019	SI_2020	Comment
1	▶ ● SetDefault_si		on	on	on	on	DEF: DEFAULT VALUES FOR VARIABLES
2	▶ ● Uprate_SI		on	on	on	on	DEF: UPDATING FACTORS
3	▶ ● ConstDef_si		on	on	on	on	DEF: CONSTANTS
4	▶ ● prelim_si		on	on	on	on	DEF: Preliminary definitions
5	▶ ● IIsDef_SI		on	on	on	on	DEF: STANDARD INCOME CONCEPTS
6	▶ ● IIsUDBDef_SI		on	on	on	on	DEF: UDB INCOME CONCEPTS
7	▶ ● Ildef_SI		on	on	on	on	DEF: INCOME CONCEPTS
8	▶ ● random_si		on	on	on	on	DEF: Random assignment
9	▶ ● TransLMA_si		n/a	n/a	n/a	off	DEF: Modelling labour market transitions (DO NOT SWITCH ON; ONLY WORKS WITH THE LMA ADD-ON)
10	▶ ● TUDef_SI		on	on	on	on	DEF: ASSESSMENT UNITS
11	▶ ● neg_si		on	on	on	on	Non-negative income
12	✓ ▶ ● yem_si		switch	switch	switch	switch	Minimum wage
13	▶ ● yemcomp_si		n/a	n/a	n/a	on	BEN: Wage compensation scheme Covid-19
14	▶ ● yemadd_si		n/a	n/a	n/a	on	BEN: Crisis allowance for employees who work during Covid-19
15	▶ ● ysecomp_si		n/a	n/a	n/a	on	BEN: Universal income for self-employed due to Covid-19
16	✓ ▶ ● bta_si		switch	switch	switch	switch	SWITCH: Benefit Take-up Adjustments (ON=non take-up; OFF=full take up, ON by default)
17	✓ ▶ ● hhot_switch_SI		switch	switch	switch	switch	BEN: switch on when HHoT
18	▶ ● bunct_si		off	off	off	off	BEN: unemployment wage compensation (OFF by default)
19	▶ ● bunnc_si		n/a	n/a	n/a	on	BEN: Temporary unemployment wage compensation due to Covid19 (začasno denarno nadomestilo za čas brezposelnosti)
20	▶ ● bmact_si		on	on	on	on	BEN: maternity and parental payments (PART SIMULATED)
21	▶ ● bcrbafh_si		on	on	on	on	BEN: paternity leave benefit (PART SIMULATED)
22	▶ ● tpa_si		on	on	on	on	TAX: Payroll tax and tax on contractual work (employers)
23	▶ ● tscer_si		on	on	on	on	SIC: Social Insurance Contributions for Employers
24	▶ ● tscee_si		on	on	on	on	SIC: Social Insurance Contribution for Employees
25	▶ ● tscse_si		on	on	on	on	SIC: Social Insurance Contributions for Self-Employed
26	▶ ● tscctfa_si		on	on	on	on	SIC: Credited social contributions up to full working time for parents
27	▶ ● tinta01_si		on	on	on	on	TAX: standard allowances
28	▶ ● tinta02_si		on	on	on	on	TAX: family allowances

29	▶ ●	tin_si	on	on	on	on	"TAX: Income tax; total allowance, schedule and tax credits"
30	▶ ●	bmanc_si	on	on	on	on	BEN: Parental Allowance
31	▶ ●	bchmt_si	on	on	on	on	BEN: Child benefit
32	▶ ●	bchba_si	on	on	on	on	BEN: Birth Grant
33	▶ ●	bchlg_si	on	on	on	on	BEN: Large family allowance
34	▶ ●	bsa_si	on	on	on	on	BEN: Social assistance
35	▶ ●	bsapm_si	on	on	on	on	BEN: Income support
36	▶ ●	bho_si	off	off	off	off	BEN: Housing benefit (OFF by default)
37	▶ ✓	bls_si	switch	switch	switch	switch	BEN: Covid-19 lump sum allowance for vulnerable groups
38	▶ ▲	bchmt_si	off	off	off	off	BEN: Child benefit (repetition of policy with order 18)
39	▶ ●	tscct_si	on	on	on	on	SIC: Credited social insurance contributions
40	▶ ●	output_std_si	on	on	on	on	DEF: STANDARD OUTPUT INDIVIDUAL LEVEL
41	▶ ●	output_std_hh_si	off	off	off	off	DEF: STANDARD OUTPUT HOUSEHOLD LEVEL

2.3 Policy switches

There are two standard switches included into the spine (see above):

- **neg_si**: switched ON by default
 - recodes negative income to zero; currently this policy only recodes negative self-employment income to zero; the initial value is stored in *i_yse00*
- **MWA switch**: minimum wage adjustments OFF by default
 - *yem_si*; if hourly wage is lower than hourly minimum wage, *yem* is recalculated according to the minimum wage, ignoring overtime hours of work; if ON, the switch overwrites *yem00* and also overwrites the taxable part of employment income *yemtx*.
- **HHot_un switch**: HHot unemployment extension OFF by default

There are two additional switches:

- **BTA switch**: benefit take-up adjustments switched ON by default
 - *bta_si*: benefit take-up adjustment controls the simulation of random non-take-up for social assistance and income support; if ON then partial take-up is applied (the default), otherwise (OFF) full take-up is assumed.
- **FYA switch**: full-year adjustments are switched OFF by default
 - *bls_si*: is used for Covid-19 lump-sum allowances in 2020.

2.4 Social benefits

The amount of some social benefits depends on the level of average, guaranteed and minimum wage. The 2017–2020 amounts are presented in the table below.

Table 4 Gross and net average wage and gross minimum wage, 2016–2019

	Gross average wage (per month), in EUR	Net average wage (per month), in EUR	Gross minimum wage (per month), in EUR
2017	1,626.95	1,062.00	804.96
2018	1,681.55	1,092.74	842.79
2019	1,753.84	1,133.50	886.63
2020	1,764.36*	1,140,30*	940.58

Notes: * The amount of gross and net average wage for the year 2020 is based on the forecast of wage growth (0.6) from The Institute of Macroeconomic Analysis and Development of the Republic of Slovenia (https://www.umar.gov.si/fileadmin/user_upload/napovedi/vmesna/marec_2020/A_PN2020_Covid19_p.pdf).

2.4.1 Credited social contributions up to full working time for parents of children under three/six (tscctfa01_s, tscctfa02_s)

- **Definitions**

One of the parents, who nurses and cares for a child until the child’s third year of age, has the right to part-time work. Part-time work includes at least a half of the normal obligation for weekly working hours. The employer ensures the worker the right to the salary on the basis of actual working hours, while the Republic of Slovenia ensures the payment of credited contributions for the difference up to full-time work on the basis of a proportional share of the minimum wage. Until September 2014 one of the parents, nursing and caring for two children, might extended this right until the younger child reached the age of six years. Since then this right ends when the younger child finishes the first grade of primary school, but the right to work par-time for one-year is non-transferable for each parent.

- **Eligibility conditions**

One of the parents who nurses and cares for a child until the child’s third year of age and works part-time. In case of two children, this right might had been extended until the younger child reaches the age of six. From 2014 this right ends when the younger child finishes the first grade of primary school, but the right to work par-time for one-year is non-transferable for each parent. Part-time work includes at least a half of the normal obligation for weekly working hours – at least 20 hours. The right is granted also to self-employed parents.

- **Income test**

Not applicable.

- **Benefit amount**

The Republic of Slovenia ensures the payment of social security contributions for the difference up to full-time work on the basis of a proportional share of the minimum wage. Credited social security contributions (employee part) are part of the gross income for assessing family income for means-tested benefits, but it is not taxed with personal income tax. For example, if an eligible employee works 60% part time, then the employee and employer social security contributions (or self-employed social security contributions in case of self-employment) are paid based on 40% of the minimum wage.

- **EUROMOD notes**

Although this policy is named a credited social contribution, it is treated as a benefit in the Slovenian legislation. Therefore, we describe the policy here and only mention it later in the chapter about social security contributions.

The time when the benefit expires (when the younger child finishes the first grade) is estimated by the age of the youngest child.

2.4.2 Credited social contributions for parents of four or more children who exit labour market (tsctfa03_s, tsctfa04_s)

- ***Definitions***

The payment of credited contributions for one parent of four or more children who exits labour market is ensured.

- ***Eligibility conditions***

Up to September 2014, one of the parents, who exited the labour market due to nursing and caring for four or more children until the youngest child reached the age of ten, was entitled to credited employee and employer or self-employed contributions on the basis of a minimum wage. Since September 2014, this right is shortened to the end of the first grade of primary school of the youngest child.

- ***Income test***

Not applicable.

- ***Benefit amount***

The Republic of Slovenia ensures the payment of social security contributions based on the minimum wage. Paid social security contributions are part of the gross income, but they are not taxed with personal income tax.

- ***EUROMOD notes***

Although this policy is named a credited social contribution, it is treated as a benefit in the Slovenian legislation. Therefore, we describe the policy here and only mention it later in the chapter about social security contributions.

The time when the benefit expires (when the younger child finishes the first grade) is estimated by the age of the youngest child.

2.4.3 Unemployment wage compensation (bunct_s)

- ***Definitions***

It is a contributory benefit for the unemployed who were previously employed.

- ***Eligibility conditions***

Unemployed who had been employed for at least 9 months in the last 24 months prior to the termination of employment (not by their own fault or will) and have been covered by unemployment insurance are eligible. Duration of unemployment wage compensation varies from 3 to 25 months depending on the length of insurance period:

Table 5 Duration of the entitlement to unemployment wage compensation

2016-2019	
Insurance record	Duration of the entitlement
6 months if person is younger than 30 years	2 months
9 months-5 years	3 months
5-15 years	6 months
15-25 years	9 months
Over 25 years	12 months
Over 25 years and over age of 50	19 months
Over 25 years and over age of 55	25 months
2020	
Insurance record	Duration of the entitlement
6 months if person is younger than 30 years	2 months
9 months-5 years	3 months
5-15 years	6 months
15-25 years	9 months
Over 25 years	12 months
Over 25 years and over age of 53	19 months
Over 28 years and over age of 58	25 months

There is one exception for unemployed persons younger than 30 years, who were employed for at least 6 months in the last 24 months prior to the termination of employment (not by their own fault or will) and were covered by unemployment insurance. The duration of their entitlement is 2 months.

Unemployment wage compensation is conditioned on active search of employment, work readiness, readiness for attending interviews or training courses and accepting referrals to active labour market programmes. Since January 2018 a recipient with secondary or lower highest attained education who at the time of entitlement to unemployment benefit gains full-time employment, remains eligible for the benefit in the amount of 20% of the last benefit amount. The duration of this employment incentive payment is the same as the duration of the entitlement to unemployment wage compensation, but for a maximum of 12 months provided that the full-time employment is retained. *EUROMOD note: the employment incentive payment is not modelled due to data limitations.*

According to the law also self-employed are entitled to unemployment benefits with the same rules for benefit eligibility for the benefit calculation. However stricter conditions are in force to prove that the termination of self-employment is not by their own fault or will; their business must be closed for objective reasons, which must be proven (long-term illness, insolvency, bankruptcy, natural disaster, material damage to property of the insured person, loss of business premises, loss of business partner to which the business was predominantly linked or other comparable reasons).

- ***Income test***

Not applicable.

- ***Benefit amount***

The benefit level amounts to 80% of the basis in the first three months, 60% thereafter and 50% of the basis after the one year of receiving the benefit. The minimum benefit level has increased to the 530.19 EUR in 2020 (it was 350 EUR in years 2017-2019) while the maximum level is set to 892.50 EUR. In some cases, if unemployed person's obligations are not met, the unemployment

wage compensation is reduced by 30%, but it cannot be lower than minimum level. *EUROMOD note: the decreases in payments due to unmet obligations are not modelled due to data limitations.*

The basis for determining the level of unemployment compensation is an eight months' average gross wage of the unemployed person prior to unemployment. The basis for determining the basis for the level of unemployment compensation for persons younger than 30 years (who were employed between 6 and 9 months in the last 24 months prior to the termination of employment) is a five months' average gross wage of the unemployed person prior to unemployment.

The beneficiaries pay employee part of health-, pension- and disability insurance, while the employer part is paid by Employment service of Slovenia. Those unemployed, who are lacking up to one year until retirement, have their pension and disability insurance contributions paid by the employment service until they retire. Before January 2018 unemployed, who were lacking up to two years until retirement, were eligible for credited social security contributions. Credited social security contributions are part of the gross income, but they are not taxed with personal income tax.

To sum up, characteristics of the unemployment benefit for the period of 2017–2020 are as following:

Table 6 Characteristics of the unemployment benefit

		2017–2020
Eligibility	Contribution period	9 in 24 months; 6 in 24 month if < 30
	Other conditions	Active job search, etc.
	Eligibility of self-employed	Eligible under stricter conditions
Payment	Contribution base	8 months' average gross wage prior to unemployment (5 months if < 30)
	Basic amount	80% of the base and reducing with time to 60% and 50%
	Additional amount	n/a
	Floor	350 EUR (in years 2017–2019) and 530.19 EUR (in year 2020)
	Ceiling	892.50 EUR
Duration	Standard (in months)	2-25 months depending on the insurance record
	Special cases (in month)	n/a
Subject to	Taxes (PIT)	Yes
	SIC	Yes

- ***EUROMOD notes***

The simulation of unemployment wage compensation is switched off in the model by default (i.e. not simulated), since unemployment benefits are only partially simulated given data restrictions. The component `bunct` or `bunct_s` is automatically taken into account when calculating household income, depending if simulations are set to toggle or switched on.

This benefit is only partly simulated using the information about actual benefits receipt. But rather than simply using the observed receipt as part of the eligibility criteria, all eligibility rules in full detail are used. However, as not all required information (e.g. work history) is available in the EU-SILC data, several assumptions are made. Further, some eligibility conditions are considered automatically fulfilled for those already receiving the benefit. This approach is chosen so that the

benefit can be also modelled for those currently employed if needed (e.g. to simulate their entitlement if they become unemployed, for replacement rates calculations).

Unemployment duration (*lunmy_s*) is set equal to the maximum of observed unemployment duration (*lunmy*) and observed benefit receipt (*bunmy*). In modelling unemployment benefit for those currently employed, unemployment duration is set equal to the reported number of months in employment in the current year (*liwmy*), once contribution history (see the next step) is modelled. It is also assumed that unemployment spells start in the reference year.

Modelled contribution history is based on the reported number of months in employment (*liwmy*), controlling for the total number of months in work (*liwwh*).

- For those currently employed (*ils_earn* != 0 & *lunmy_s* = 0 & *bunct* = 0), this is used.
- For those currently unemployed (*lunmy_s* > 0) and in receipt (*bunct* > 0), this is set at least equal to the minimum qualifying period.
- For those currently unemployed (*lunmy_s* > 0) and not in receipt (*bunct* = 0), this is set to zero.

At this point, working age people who are unemployed (*lunmy_s* > 0), have sufficient contribution history, are not in education, do not receive old-age pension or self-employment income are considered eligible for unemployment benefits. It is assumed that all of them are involuntary unemployed and capable and available for work (there is a variable in the SILC data identifying the latter but only filled in for those currently unemployed).

Benefit duration (*bunmy_s*) is calculated according to the rules above, using modelled contribution history, while also controlling for the unemployment duration (*lunmy_s*).

Benefit entitlement is calculated based on previous earnings and benefit duration, subject to the lower and upper thresholds. For those currently employed, current earnings are used. For those currently unemployed and in receipt, previous earnings are used which have been imputed by reversing unemployment insurance benefit rules. For those currently unemployed and not in receipt, imputed wage is used. There is no monthly information on earnings, so average annual figures are used. Finally, benefit amount is adjusted with the number of months in receipt (*bunmy_s*).

Paid pension and disability insurance contributions by the employment service for those unemployed, who are lacking up to one year (two years before 2018) until retirement, are not simulated.

2.4.4 Parental (maternity) payment (*bmact_s*)

- *Definitions*

It is a contributory benefit for mother/father on parental leave.

- *Eligibility conditions*

The total leave associated with childbirth consists of maternity leave (3 months) and parental leave (9 months) and amounts to 365 days. In some cases parental leave is prolonged. Eligibility to wage compensation during parental leave is held by persons who were insured (employed or self-employed) a day before the start of the leave. Also, persons not currently insured are eligible if they were insured for at least 12 months in the last three years before the start of the individual part of parental leave.

- *Income test*

Not applicable.

- *Benefit amount*

Before June 2012, wage compensation during maternity leave, and parental leave amounted to 100% of the average monthly gross wage of the entitled person during the 12 months prior to the leave. The minimum wage compensation amounted to 55% of the minimum wage and the maximum compensation was 2.5 times the average wage in Slovenia. The upper limit was applied only to the benefit during parental leave and was not applied during the first three months of the maternity leave. Since June 2012, the Public Finance Balance Act has temporarily lowered wage compensation during the parental leave to 90% of the base (average monthly gross wage during the 12 months prior to the leave) and set its maximum to 2 times average wage in Slovenia. In cases when the base is equal or below the amount of minimum wage, the wage compensation during the parental leave still amounts to 100% of the base. In August 2013 another intervention act (Intervention Measures for the Labour Market and Parental Protection Act) set maximum of wage compensation also to the first three months of the maternity leave to 2 times average wage in Slovenia. These rules were temporary and were kept, according to the Act, until the year after the year when GDP growth reaches 2.5% and the annual increase in the employment rate in the age group 20-64 years exceeds 1.3 percentage points. In January 2019 the implemented intervention measures were abolished since the before mentioned conditions of reaching GDP and employment rates levels had been met in 2017. Thus, wage compensation during the parental leave was set again to 100% of the base with its maximum set to 2.5 times average wage in Slovenia and wage compensation during the maternity leave became unlimited again.

- *EUROMOD notes*

The simulation of wage compensation during parental leave is switched off by default for year 2011 and switched on from year 2012 on. Since June 2012, replacement rate for the child care and protection leave has dropped to 90% and available data on the benefit amount from year 2011 are less suitable than simulated data.

This benefit is only partly simulated using the information about actual receipt. However, as not all required information (e.g. work history) is available several assumptions are made, among else considering some rules automatically fulfilled for those in receipt.

Base for compensation during parental leave is estimated on previously predicted hourly wage, hours worked per week and average number of weeks per month. Hours worked per week are estimated as follows:

- For those in receipt and with $lhw = 0$, it is set to 40.
- For those in receipt and with $lhw > 0$, the actual lhw is used, but it is capped to 40.

The number of months in receipt of compensation during parental leave is estimated as the ratio of actual amount received per year and 100% of predicted base (as replacement rate was 100% in years before June 2012).

Benefit entitlement is then calculated based on the calculated base and benefit duration, subject to the lower and upper thresholds.

2.4.5 Paternity leave payment (bcrbafh_s)

- *Definitions*

Fathers in Slovenia have the entitlement to the paternity leave and associated wage compensation. It is a contributory benefit for fathers.

- *Eligibility conditions*

Eligibility to wage compensation during paternity leave is held by persons who were insured (employed or self-employed) a day before the start of the leave. Also, persons not currently insured are eligible if they were insured for at least 12 months in the last three years before the start of paternity leave.

- *Benefit duration*

In the period from 2006 to 2014 paternity leave lasted 90 days, of which 15 days were with full salary compensation (during the maternal leave) and 75 days with partial salary compensation, i.e. leave without pay but with social security contributions based on the minimum wage paid for the father from the central government budget.

To comply with the European Union (EU) regulation Council Directive (2010/18/EU) requesting at least one month of the parental leave to be provided on a non-transferable basis, the Parental Protection and Family Benefits Act (2014) has extended the paternity leave with salary compensation by 15 days. Therefore, the adaptation to the new regulation started in 2016 and was completed on 1 January 2018:

1. In 2016 the fathers were entitled to 70 days of paternal leave; fathers were obliged to use at least 15 days during the maternal leave and 5 days after the parental leave was finished while the rest of the 50 days could be used until a child's age of three. The first 20 days of the paternal leave were compensated, while for the rest of the 50 days only the social security contributions based on the minimum wage were paid.
2. In 2017 fathers were entitled to 25 days of compensated paternal leave (15 days should have been used in six months after the birth and 10 days until the end of the child's first grade of primary school) and 25 days of unpaid leave which could be used until a child's age of three.
3. Since January 2018 fathers have been entitled to 30 days of compensated paternal leave (15 days should be used in the period from the birth of a child until at least one month after the end of parental leave, and 15 days until the end of the child's first grade of primary school). The right to unpaid leave has been abolished.

- *Income test*

Not applicable.

- *Benefit amount*

Before June 2012, wage compensation during fully paid paternity leave amounted to 100% of the average monthly gross wage (from employment or self-employment) of the entitled person during the 12 months prior to the leave. The minimum wage compensation amounted to 55% of the minimum wage and the maximum compensation was 2.5 times the average wage in Slovenia. Since June 2012, the Public Finance Balance Act has temporarily lowered wage compensation during the fully paid paternity leave to 90% of the base (average monthly gross wage during the 12 months prior to the leave) and set its maximum to 2 times average wage in Slovenia. In cases when the base is equal or below the amount of minimum wage, the wage compensation during the parental leave still amounts to 100% of the base. These rules were temporary and were kept,

according to the Act, until the year after the year when GDP growth reaches 2.5% and the annual increase in the employment rate in the age group 20-64 years exceeds 1.3 percentage points. These two conditions were met in 2017. Therefore, since January 2019 fathers have been entitled to full wage compensation, 100% of the base, with its maximum set to 2.5 times average wage in Slovenia.

Paternal leave benefit is subject to taxation. For the leave without pay fathers had no wage compensation, but social security contributions based on the minimum wage were paid for those fathers from the central government budget.

- ***EUROMOD notes***

The policy is partly simulated. Only fully paid paternity leave is modelled during the first year after the birth of a child ($dag < 1$). Remaining paid leave (which can be taken before the child's first grade of primary school) is taken from the data. Unpaid leave is not modelled.

Modelling is implemented in accordance with the EUROMOD modelling conventions for childbirth-related benefit components:

- Previous contribution history is assumed to be proportional to the observed months in work and out of work during the reference period, i.e. past 36 months (i.e. $liwmy \geq \$XX_QperMin * 12 / \$XX_QperTot$, where $\$XX_QperMin$ is the minimum contribution duration within the total period of $\$XX_QperTot$).
- Base for compensation during parental leave is estimated on previously predicted hourly wage, standard hours worked per week ($lhw = 40$) and average number of weeks per month. Benefit entitlement is then calculated based on the calculated base and benefit duration, subject to the lower and upper thresholds.
- We assume in simulations that only 15 days (the part which is most often used in the first year after the birth) is used in the first year after the birth of the child.

2.4.6 Parental allowance (***bmanc_s***)

- ***Definitions***

Parental allowance is granted to one of the parents who is not eligible for the insurance-based wage compensation during the parental leave. Qualified is a parent who has a permanent residence in Slovenia and is not receiving parental (maternity) payment. A child must be a national of Slovenia and the father must not receive any parental leave wage compensation. It lasts 365 days as parental leave. During the first 77 days since a child has been born, most usually, mother is qualified for parental allowance; the father is qualified only in case if mother dies, abandons a child, is not able to live and work independently, or if she, during the period of entitlement, enters into employment or self-employment. After the 77th day both, mother as well as father, have the same right to parental allowance and it is assigned based on a mutual written agreement. There is no means test.

- ***Eligibility conditions***

Parental allowance is granted to parents who are not eligible for the insurance-based wage compensation during the parental leave. The benefit is paid only to parents with children aged less than one year, who receive no contributory parental payments and has no employment or self-employment income.

- **Income test**

Not applicable.

- **Benefit amount**

The 2017–2020 parental allowance benefit rates are indicated below. The amount does not change in case of twins, triplets, etc., however, it is prolonged. Since September 2014 the parental allowance amount has changed and has no longer been set in line with minimum wage. Parental allowance is not subject to income tax.

Table 7 Parental allowance rates, EUR per month, 2017–2020

	2017	2018	2019	2020
Parental allowance	252.04	252.04	252.04	258.09

- **EUROMOD notes**

In the implementation it is assumed that the mother receives parental allowance unless father is a lone parent.

2.4.7 Birth grant (bchba_s)

- **Definitions**

Birth grant is a benefit for a child born in Slovenia, if the mother or the father has permanent or temporary residence in Slovenia and they actually live in Slovenia. From 2020 this benefit is granted in cash, while before it was granted either in-kind or in cash.

- **Eligibility conditions**

Access to birth grant is limited to families with a dependent baby aged less than one year. Until the year 2012 it was a universal, non means-tested, while means test was introduced in June 2012 with Public Finance Balance Act. From then, only parents whose net family income per family member was below the 64% of net average wage were eligible. In March 2018 the benefit has become universal again and non means-tested. The benefit can be claimed in rang of 60 days before the estimated date of a childbirth and 60 days after a child is born.

- **Income test**

Birth grant was not subject to income test before June 2012. Since then, only parents whose net family income per family member (family members are parents and dependent children according to the definition on pp. 2) was below the 64% of net average wage were eligible for birth grant. Income definition was the same as for child benefit income test. Since March 2018 the birth grant is a universal benefit and it does not depend on income.

- **Benefit amount**

The 2017–2020 birth grant benefit rates are indicated below. It is one-time benefit, not subject to income tax.

Table 8 Birth grant rates, EUR, 2017–2020

	2017	2018	2019	2020
Birth grant	280.00	280.00	280.00	286.72

2.4.8 Large family allowance (bchlg_s)

- *Definitions*

Large family allowance is a transfer to families with three or more children.

- *Eligibility conditions*

Access to large family allowance is limited to families with three or more dependent children residing in Slovenia where at least one of the parents and all children have a mutual permanent or temporary residence in Slovenia and they actually live in Slovenia. Eligible are families with three or more children below age 18 or older, if fulfilling the age and status conditions; i.e. aged less than 26 and involved in full time education.

- *Income test*

Large family allowance was a universal non means-tested benefit before June 2012. Since then, only parents whose net family income per family member was below the 64% of net average wage were eligible. Means tested nature of this benefit was kept, according to the Act, until the year after the year when GDP growth reaches 2.5% and the annual increase in the employment rate in the age group 20-64 years exceeds 1.3 percentage points. Thus, since January 2019 a large family allowance has again become a non means-tested benefit – all large families are eligible to this benefit regardless their income.

- *Benefit amount*

The level of benefit is paid once a year and it differs according to the size of family. The 2017–2020 large family allowance rates are indicated below.

Table 9 Large family allowance, EUR, 2017–2020

	2017	2018	2019	2020
Large family allowance: 3 dependent children	395.00	395.00	395.00	404.48
Large family allowance: 4 or more dependent children	480.00	480.00	480.00	491.52

2.4.9 Social assistance (bsa_s)

- *Definitions*

The Social assistance benefit is means-tested and is intended to ensure the minimum income for residents of Slovenia. The benefit level is the difference between the minimum income of the household and household's income in previous three months which is the base for income test.

- *Eligibility conditions*

In accordance with the Social Assistance Act, beneficiaries are citizens of the Republic of Slovenia permanently residing in Slovenia and aliens in possession of a permit for permanent

residence in Slovenia. The right to financial social assistance can also be exercised by persons in respect of whom this right is recognised by international instruments binding on the Republic of Slovenia. Financial social assistance is available for beneficiaries who are unable to provide minimum income resources for themselves or their family members for reasons beyond their control and who have exercised their right to financial benefits pursuant to other regulations.

When assessing the eligibility, the account is taken of the ceiling as well as of the fact whether an individual or family has assets enabling subsistence, whether all other rights were exercised (social assistance is the last of the rights within the system, eligible when all other subsistence options are exhausted) and whether the person concerned is active in seeking solutions to his/her problem. The latter is of particular importance to all who can work and must be registered with the Employment Service of Slovenia, participate in offered programmes of active employment policy and actively seek employment.

Means test is taken into account as follows. The person's assets include immovable property, vehicles, vessels, ownership shares in companies or cooperatives, securities, cash assets on transaction or other bank account (savings and other cash assets) and other movable assets. The person's assets do not include the apartment, where the person resides, to the value of the appropriate apartment (the Social Assistance Act states what appropriate apartment is), personal vehicle or single-track vehicle to the value of 28-times of the basic minimum income amount, assets that provide income, higher than double the gross minimum salary, savings up to the certain amount and also assets in some other cases. Assets are considered in such way that the income of persons is increased by a fictively determined income, namely in the amount of annual interest calculated on the value of assets, which are considered. The average annual interest rate for households for time deposits from 1 to 2 years for the year prior to the year when the application is submitted according to the Bank of Slovenia's information is considered.

Social assistance might be awarded to the person/household owning an apartment (or house) in which he lives and has a registered permanent residence, whose value exceeds 120,000 EUR (if the value is below the house/apartment is not taken into account):

- a) the social assistance has not been received or not more than eighteen times in the past 24 months or
- b) the recipient is not able to use apartment or house to obtain the means of subsistence due to circumstances beyond his/her control (for example home violence) or
- c) the recipient agrees with the entry of the prohibition of alienation and burdening of all real estate, the owner of which he or she is (hereinafter the "Owner"), in the land book to the benefit of the Republic of Slovenia and fulfils other conditions for the entitlement to the social assistance according to this Act

- ***Income test***

The Act Amending and Supplementing the Social Protection Benefits Act was partially implemented in January 2014 and fully implemented in September 2014. This act: a) increased family-member weights due to crisis until the year when GDP growth reaches 2% (January 2014), b) abandoned differentiation of weights for children according to educational level of a child due to introduction of national scholarships for pupils below the age of 18 (January 2014) and, c) increased supplement for single-parent family to 20% (September 2014).

At the end of 2015 a package of laws which partially eliminated the austerity measures in the field of social transfers was adopted.

The basic amount of the minimum income has been increasing over the past years. In years 2017 and 2019 the minimum income was adjusted twice and three times in 2018. Its amount increased

from 292.56 EUR in January 2017 to 402.18 EUR in August 2019. Since then, the amount of the minimum income has remained at the same level.

In April 2018 unexpectedly the Parliament passed the Act Amending the Social Assistance Benefits Act which heavily increased minimum income and changed the weights. The change has been in force since June 2018.

Table 10 Equivalence scales for social assistance, 2017–2020

Family member	Weight	
	2017	2018–2020
The first adult	1	1
The first adult working 60–128 hours/month	1.28	1.26
The first adult working more than 128 hours/month	1.56	1.51
Single person aged 18–25, living with parents and registered as unemployed	0.7	0.7
Single person - permanently unemployable, or permanently incapable of work, or older than 63 (a woman) / 65 (a man) - living with persons who have sufficient means of subsistence for themselves and are not their family members (according to the definition in the Act)	0.76	0.76
Each further adult	0.57	0.57
Each further adult working 60–128 hours/month	0.71	0.7
Each further adult working more than 128 hours/month	0.85	0.83
The first child: the oldest child in the family	0.76	0.59
Each subsequent child in the family	0.66	0.59
The increase for each child in a single-parent family		0.18

Table 11 Minimum income rates, EUR per month, by 30st June

	2017	2018	2019	2020
Minimum income	292.56	385.05	392.75	402.18

Family income which is the base for income test is net of taxes and consists of: taxable employment and self-employment income (when self-employment income is lower than gross minimum wage, 75% of gross minimum wage was taken into account up to the end of year 2017), contractual work incomes, student work incomes (since September 2014 only the amount above 50% of basic amount of minimum income has been taken into account), all pensions, unemployment wage compensation, wage compensation for disabled workers, unemployment assistance, parental and paternal payments, parental allowance, capital income, rents, compensation for lost income due to care for child with special needs, social contributions up to full working time for parents who exit labour market or work part-time, national scholarship (without supplements), the difference between received and paid maintenance payments. Personal income tax and employee social security contributions are subtracted. Child benefits (since September 2014 the amount of child benefit taken into account has been reduced by 20% of the child benefit amount for the first child in the first income bracket and without the supplement for single-parent families and children not enrolled in pre-school education) are included in family income, while birth grant and large family allowance are not.

- **Benefit amount**

The benefit level is the difference between minimum income for the family and family’s actual income net of taxes and compulsory social security contributions.

- *EUROMOD notes*

After the substantial increase of minimum income in 2018 the simulated results are overestimating the number of recipients and the aggregate amount of social assistance. Therefore, adjustment for non-take-up is made in the model by assuming that only a small proportion (10%) of those newly eligible due to the increase minimum income actually claim it, using a random allocation. This adjustment can be omitted by switching off the corresponding function in the policy itself or setting the switch for non-take-up off in the spine (bta_si).

We take into account total annual income instead of income in the previous three months. As we have only annual incomes we cannot simulate which incomes are received less than three times in three months and therefore we do not decrease income from student work for $0.5 * \text{minimum income}$.

The asset test is not simulated due to data constraints. The increase of social assistance in single-parent families is not simulated due to too strict definition of a single-parent family and lack of needed data.

2.4.10 Income support (bsapm_si)

- *Definitions*

Income support is a social protection benefit, enacted from January 2012, and intended for persons who cannot ensure their financial security due to circumstances beyond their control. It replaces pension support for pensioners and state pension which have both been abolished.

- *Eligibility conditions*

Persons, who are permanently unemployable or permanently incapable for work or women older than 63 years or men older than 65 years, whose family income (defined in the same way as for social assistance) does not exceed the minimum income amount, are eligible for income support. Income support is also means tested in the same way as social assistance (social assistance included into family income). In case of the ownership of real estate, the rules were stricter, as the entitled recipient was prohibited to alienate and to burden the real estate, owner of which he or she was, to the benefit of the Republic of Slovenia by the decision of the entitlement to the income support. Since February 2017, the same rules as for social assistance apply also for income support considering the ownership of real estate. However, there is extra condition: the income and wealth of those who are obliged to help the applicant to make a living (adult children) are assessed as well.

- *Income test*

The Social Benefits Act (2010) introduces new equivalence scale for income support which was enforced in January 2012. The amount of minimum income for income support beneficiaries is increased in relation to the basic amount of the minimum income as evident from Table 12.

In April 2018 unexpectedly the Parliament passed the Act Amending the Social Assistance Benefits Act which heavily increased minimum income and changed the weights. The change has been in force since June 2018. Additionally, the extra weight of 0.11 has been introduced for families with dependent children.

Table 12 Equivalence scales (supplements to basic amount of minimum income), 2017–2020

Family member	Weight supplements	
	2017	2018 –2020
The single person	0.63	0.47
The only adult person in the family	0.63	0.47
The first adult person in the family, in which its other adult family members also fulfil the conditions for income support	0.63	0.47
For other adult person in the family, in which other adult family members fulfil the conditions for income support (with higher weight) or have the status of an active person	0.34	0.25
Single person - permanently unemployable, or permanently incapable of work, or older than 63 (a woman) / 65 (a man) - living with persons who have sufficient means of subsistence for themselves and are not their family members (according to the definition in the Act)	0.69	0.55
Household with dependent children		0.11

Family income, which is the base for income test, is net of taxes and consists of: taxable employment and self-employment income, contractual work incomes, student work incomes, all pensions, unemployment wage compensation, wage compensation for disabled workers, unemployment assistance, parental and paternal payments, parental allowance, capital income, rents, compensation for lost income due to care for child with special needs, social contributions up to full working time for parents who exit labour market or work part-time, national scholarship (without supplements), the difference between received and paid maintenance payments. Personal income tax and employee social security contributions are subtracted. Child benefits and social assistance are included in family income, while birth grant and large family allowance are not.

- ***Benefit amount***

The benefit level is the difference between minimum income for the family and family’s actual income net of taxes and compulsory social security contributions.

- ***EUROMOD notes***

We take into account total annual income and not the income in three previous months.

Asset test is not simulated due to data constraints. The unexpectedly small number of recipients is assumingly the consequence of non-take up due to the constraints in case of real estate ownership. Therefore, we simulate non-take up with the introduction of assumption that real estate owners do not apply for the income support. Asset and income test of those who are obliged to help the applicant to make a living (adult children) cannot be assessed due to data constraints as well.

The income and means test of adult children, who are obliged to help the applicant to make a living is not simulated due to data constraints. Therefore, adjustment for non-take-up is made in the model by assuming that a certain proportion (60%) of eligible do (can) not claim the benefit, using a random allocation. This adjustment can be omitted by switching off the corresponding function in the policy itself or setting the switch for non-take-up off in the spine (bta_si).

2.4.11 Housing benefit (bho_s)

- *Definitions*

Housing benefit is means-tested and covers part of rent for a person whose family income does not exceed certain threshold. The share of covered rent depends on the size of apartment and beneficiary's income, and must not exceed 80% of respective non-profit rent. There were no changes in eligibility conditions, income test and benefit amount for this benefit.

- *Eligibility conditions*

Access to housing benefit is limited only to households renting and paying profit or non-profit rent with income under certain threshold.

- *Income test*

Income threshold is the sum of (a) minimum income (the same as for social assistance according to previous/new legislation) for particular household, (b) 30% of net family income and (c) estimated non-profit rent. Households above threshold are not eligible at all.

The family income should be below family minimum income. Family income, which is the base for income test, is net of taxes and consists of: taxable employment and self-employment income, contractual work incomes, student work incomes, all pensions, unemployment wage compensation, wage compensation for disabled workers, unemployment assistance, parental and paternal payments, parental allowance, capital income, rents, compensation for lost income due to care for child with special needs, social contributions up to full working time for parents who exit labour market or work part-time, the difference between received and paid maintenance payments. Personal income tax and employee social security contributions are subtracted. Child benefits, social assistance, income support and national scholarship (without supplements) are included in family income, while birth grant and large family allowance are not.

Estimated annual non-profit rent depends on the flat size. The maximum flat size taken into account when estimating non-profit rent depends on the number of family members:

Table 13 Maximum flat size for housing benefit, 2017–2020

The number of family members	Maximum flat size
1 family member	30 m ²
2 family members	45 m ²
3 family members	55 m ²
4 family members	65 m ²
5 family members	75 m ²
6 family members	85 m ²
more than 6 family members	85 m ² +6 m ² for 7 th and each subsequent member

Estimated annual non-profit rent is calculated as follows (S = flat size in square meters):

- $(270 * 2.63 * S * 1.057 * \text{factor})$ if $S \leq 30$
- $(270 * 2.63 * S * 1.024 * \text{factor})$ if $S > 30$ & $S \leq 45$
- $(270 * 2.63 * S * 1.000 * \text{factor})$ if $S > 45$ & $S \leq 65$
- $(270 * 2.63 * S * 0.966 * \text{factor})$ if $S > 65$ & $S \leq 75$
- $(270 * 2.63 * S * 0.950 * \text{factor})$ if $S > 75$

In 2006 factor amounted to 0.0446 and in 2007 to 0.0468. It has not changed since then.

- ***Benefit amount***

The benefit level is the difference between income threshold for the household and household income which is the base for income test. The benefit cannot be higher than 80% of estimated non-profit rent (*EUROMOD: Estimated non-profit rent*). Housing benefit is not subject to income tax.

- ***EUROMOD notes***

Due to data limitations housing benefit is severely over-simulated in EUROMOD. Hence it is switched to TOGGLE, i.e. not modelled by default. There is no information about the actual flat size in the data, so the family-size-dependent maximum flat size is assumed in the estimation of the non-profit rent. Asset test is not simulated due to data constraints. The component *bho* or *bho_s* is automatically taken into account when calculating household income, depending if simulations are set to toggle or switched on.

2.4.12 Child benefit (*bchmt_s*)

- ***Definitions***

Child benefit is a complementary income for the child's upbringing, subsistence, and education.

- ***Eligibility conditions***

The right to child benefit is granted to one of the parents or any other person, namely for a child that resides in the Republic of Slovenia and is younger than 18 years.

- ***Income test***

Income threshold is set as income per family member compared to average net wage. The family income, which is the base for income test, is net of taxes and consists of: taxable employment and self-employment income, contractual work incomes, student work incomes, all pensions, unemployment wage compensation, wage compensation for disabled workers, unemployment assistance, parental and paternal payments, parental allowance, capital income, rents, compensation for lost income due to care for child with special needs, social contributions up to full working time for parents working part-time, the difference between received and paid maintenance payments. Personal income tax and employee social security contributions are subtracted. Child benefit is the first benefit in series, which means no subsequent benefits (social assistance, income support and national scholarship) are included into family income.

In 2019 the income brackets' thresholds were increased – adjusted with the rise in consumer prices in the period January–December 2018 compared to the same period in the year before. Families above threshold are not eligible for child benefits.

- ***Benefit amount***

The amount of benefit depends on the family income per family member in comparison to average net wage and the number of eligible children. The number of income brackets is the same as in previous system, while the benefit amounts differ according to educational level of a child.

In June 2012, the Public Finance Balance Act abolished the right to child benefit for parents in 7th and 8th income bracket and lowered child benefit amount for parents in 5th and 6th income bracket by 10%. The same Act provided that the last two income brackets would be re-introduced and the amount for parents in 5th and 6th income bracket will be re-increased to the previous level when GDP growth reaches 2% again. Child benefit amounts are evident from the Table 14. Since January 2014, differentiation of child benefits according to educational level of a child has been

abolished (only exception is the 6th income bracket) due to introduction of national scholarships for pupils below the age of 18. Due to economic growth the 5th and 6th income bracket amounts were increased by 10% (to the previous amount) in January 2016 and 7th and 8th income brackets have been re-introduced in January 2018. Besides, the 6th income bracket was split into two smaller income brackets and the child benefit in income bracket 6b was increased. Since January 2019 the 6a and 6b income brackets have been merged again in to one income bracket 6 and its amount has been set to the amount of income bracket 6a.

Since January 2018, income brackets thresholds are no longer set as the percentage of the average net wage but as absolute values (actual absolute values of income brackets thresholds from 2017). Using actual absolute values of income bracket thresholds from 2017 in practice means that the indexation has been missed in year 2018. The income brackets' thresholds are adjusted once a year in January with the rise in consumer prices in the period January–December of the previous year compared to the same period in the year before.

Table 14 Child benefit rates, EUR per month, 2017–2020

Income bracket	Net monthly income per person in % of net average wage or in absolute terms	Child benefit for a child in elementary school or until 18 years of age (in euro)			Child benefit for a child in high school or until 18 years of age (in euro)		
		1st child	2nd child	3rd and every additional child	1st child	2nd child	3rd and every additional child
2017							
1 st	to 18%	114.31	125.73	137.18	114.31	125.73	137.18
2 nd	more than 18 to 30%	97.73	108.04	118.28	97.73	108.04	118.28
3 rd	more than 30 to 36%	74.48	83.25	91.98	74.48	83.25	91.98
4 th	more than 36 to 42%	58.75	67.03	75.47	58.75	67.03	75.47
5 th	more than 42 to 53%	48.04	56.06	64.03	48.04	56.06	64.03
6a th	more than 53 to 56%	30.44	38.10	45.71	30.44	38.10	45.71
6b th	more than 56 to 64%	30.44	38.10	45.71	43.44	51.10	71.17
2018							
1 st	to 185.43 EUR	114.31	125.73	137.18	114.31	125.73	137.18
2 nd	from 185.44 EUR to 309.05 EUR	97.73	108.04	118.28	97.73	108.04	118.28
3 rd	from 309.06 EUR to 370.86 EUR	74.48	83.25	91.98	74.48	83.25	91.98
4 th	from 370.87 EUR to 432.67 EUR	58.75	67.03	75.47	58.75	67.03	75.47
5 th	from 432.68 EUR to 545.98 EUR	48.04	56.06	64.03	48.04	56.06	64.03
6a th	from 545.99 EUR to 576.90 EUR	30.44	38.1	45.71	30.44*	38.1*	45.71*
6b th	from 576.91 EUR to 659.30 EUR	30.44	38.1	45.71	43.44	51.1	71.17
7 th	from 659.31 EUR to 844.73 EUR	22.83	30.44	38.1	28.83	36.44	49.65
8 th	from 844.74 EUR to 1,019.86 EUR	19.88	27.5	35.11	22.88	30.5	39.89
2019							
1 st	to 188.02 EUR	114.31	125.73	137.18	114.31	125.73	137.18
2 nd	from 188.03 EUR to 313.37 EUR	97.73	108.04	118.28	97.73	108.04	118.28
3 rd	from 313.38 EUR to 376.05 EUR	74.48	83.25	91.98	74.48	83.25	91.98
4 th	from 376.06 EUR to 438.72 EUR	58.75	67.03	75.47	58.75	67.03	75.47
5 th	from 438.73 EUR to 553.63 EUR	48.04	56.06	64.03	48.04	56.06	64.03
6 th	from 553.64 EUR to 668.53 EUR	30.44	38.1	45.71	30.44	38.1	45.71
7 th	from 668.54 EUR to 856.56 EUR	22.83	30.44	38.1	28.83	36.44	49.65
8 th	from 856.57 EUR to 1034.14 EUR	19.88	27.5	35.11	22.88	30.5	39.89

2020							
Income bracket	Net monthly income per person in % of net average wage or in absolute terms	Child benefit for a child in elementary school or until 18 years of age (in euro)			Child benefit for a child in high school or until 18 years of age (in euro)		
		1st child	2nd child	3rd and every additional child	1st child	2nd child	3rd and every additional child
1 st	to 191.40 EUR	117.05	128.75	140.47	117.05	128.75	140.47
2 nd	from 191.41 EUR to 319.01 EUR	100.08	110.63	121.12	100.08	110.63	121.12
3 rd	from 319.02 EUR to 382.82 EUR	76.27	85.25	94.19	76.27	85.25	94.19
4 th	from 382.83 EUR to 446.62 EUR	60.16	68.64	77.28	60.16	68.64	77.28
5 th	from 446.63 EUR to 563.60 EUR	49.19	57.41	65.57	49.19	57.41	65.57
6 th	from 563.61 EUR to 680.56 EUR	31.17	39.01	46.81	31.17	39.01	46.81
7 th	from 680.57 EUR to 871.98 EUR	23.38	31.17	39.01	29.52	37.31	50.84
8 th	from 871.99 EUR to 1052.75 EUR	20.36	28.16	35.95	23.43	31.23	40.85

Note: The child benefits amount for a child in high school in 6a income bracket is lower compared to 6b due to national scholarship to which children in secondary school are entitled, while secondary school students in 6b are not. The national scholarship is not modelled in EUROMOD due to data limitations.

Lone parents (according to new stricter definition) were entitled to a 10% higher child benefit up to September 2014 and 30% higher child benefit since September 2014 (adopted new Parental Protection and Family Benefit Act). Additionally, pre-school child, who is not enrolled in pre-school education and is younger than 4 years old, is entitled to a 20% higher child benefit. This right covers only the children up the age of four since March 2018.

- **EUROMOD notes**

Asset test is not simulated due to data constraints. The increase of child benefits in single-parent families is not simulated for years 2012 and later, due to new stricter definition of single-parent family and lack of needed data. 20% higher child benefits for pre-school children not enrolled in pre-school education are also not simulated due to data constraints.

2.4.13 Wage compensation for workers on hold due to Covid-19 (yemcomp_si)

- **Definitions**

Wage compensation for workers on hold is a Covid-19 benefit for the workers who are on a temporary hold issued by his/her employer during the Covid-19 epidemic.

- **Eligibility conditions**

Workers who are on hold due to inability of the employers to provide work for their employees (due to activity reduction or company closure) during the epidemic are eligible for wage compensation. Workers not working due to reasons caused by epidemic (childcare due to closing of schools and kindergartens; inability to come to work due to lack of public transport; healthy persons in the event of a quarantine ordered by decision of the Minister of Health, who have been

or are suspected of having contact with someone with Covid-19 illness) have the same status as the workers on hold.

Employers may apply for the reimbursement of wage compensation for workers on hold. Eligible are all employers who expect their average monthly revenues in 2020 to decrease by more than 10% compared to 2019. Employers who get assistance according to the Act and will not fulfil conditions when submitting annual reports for 2020 will have to repay all financial aid. Two types of employers are not eligible under any conditions: a) employers, who are direct or indirect users of the budget of the Republic of Slovenia or the budget of the municipality and got more than 70% of their revenues from public sources in year 2019, and b) an employer pursuing a financial or insurance activity belonging to group K according to the Standard classification of activities with more than 10 employees. The wage compensation for workers on hold will be reimbursed by the state, but only up to the level of average wage in Slovenia in 2019.

The measure is in force for the period from March 13 to May 31, 2020.

- ***Income test***

Not applicable.

- ***Benefit amount***

The worker on hold is entitled to wage compensation in the amount of 80% of the basic salary. Wage compensation must not be below the minimum wage.

Social security contributions for workers who are on hold due to the Covid-19 are credited by the state. The amount of credited social contributions is equal to the employee and employer part of social security contributions but only up to the level of contributions based on the amount of the average wage for 2019 in Slovenia calculated per month.

- ***EUROMOD notes***

Wage compensation for workers on hold is simulated within the policy `yemcomp_si`, where average monthly benefit paid by the state and the firm, and credited social security contributions are calculated. This policy can only produce results if the model is run in combination with the LMA add-on. The individuals that are selected to undergo transitions to monetary compensation schemes are defined in the `TransLMA_si` policy, which is switched on automatically by the add-on. For more information about the modelling of labour market transitions please consult the ‘Simulating labour market transitions in EUROMOD’ document.

2.4.14 Crisis allowance for employees who work during Covid-19 (`yemadd_si`)

- ***Definitions***

Crisis allowance is a Covid-19 monthly benefit for those workers who are working during the epidemic.

- ***Eligibility conditions***

Workers who are working during the epidemic and whose last paid monthly wage does not exceed 3 times the minimum wage in Slovenia are eligible for the benefit. The measure is in force between March 13 and May 31, 2020.

- ***Income test***

Income threshold is set to 3 times the minimum wage in Slovenia.

- ***Benefit amount***

Crisis allowance is a monthly benefit of 200 EUR. This benefit is exempt of all taxes and social insurance contributions.

Employee and employer pension and disability insurance contributions for all workers who worked during the Covid-19 are credited by the state. The amount of credited social contributions for pension and disability insurance is equal to the employee and employer part of the social contributions for pension and disability insurance before the epidemic (see sections 2.5.1 and 2.5.2).

2.4.15 Universal income for self-employed during Covid-19 (ysecomp_si)

- ***Definitions***

Universal income is a Covid-19 benefit for self-employed workers and other beneficiaries (religious servants of a registered church or other religious community and insured farmers) during the Covid-19 epidemic.

- ***Eligibility conditions***

Eligible are self-employed and other beneficiaries who are not insured under any other statutory basis (e.g. parental leave, retirement, employment) and are unable or not allowed to carry out their activities or are able to carry out activities to significantly reduced extent due to Covid-19 epidemic. Social security contributions for self-employed who receive universal income are credited by the state.

- ***Income test***

Universal income for self-employed depends on the revenues of self-employed. Namely, eligible are only those who expect their average monthly revenues in 2020 to decrease by more than 10% compared to 2019. If this additional condition is not fulfilled at the end of the year 2020, self-employed who got the universal income will have to pay it back. In this case, the beneficiary will also have to reimburse the exempted social insurance contributions.

- ***Benefit amount***

Universal income is a monthly benefit in the amount of 350 EUR for March and 700 EUR for April and May of 2020. Universal income is exempt of all taxes and social insurance contributions.

The Republic of Slovenia ensures the payment of social insurance contributions for the self-employed with universal income due to Covid-19. The amount of credited social insurance contributions is equal to the social insurance contributions for self-employed before the epidemic (see section 2.5.3).

- ***EUROMOD notes***

Universal income for self-employed is simulated within the policy ysecomp_si, where the universal income for self-employed due to Covid-19 is calculated. This policy can only produce results if the model is run in combination with the LMA add-on. The individuals that are selected to undergo transitions to monetary compensation schemes are defined in the TransLMA_si policy, which is switched on automatically by the add-on. For more information about the modelling of labour market transitions please consult the ‘Simulating labour market transitions in EUROMOD’ document.

The self-employment income of the universal income recipients is not recalculated (lowered) as we assume that the drop in self-employment income due to uprating factors is sufficient. Additional drop of self-employment income within the policy is omitted due to very mild conditions (only 10% drop in self-employment income).

Besides self-employed workers other beneficiaries (religious servants of a registered church or other religious community and insured farmers) could be eligible as well. However, we could not simulate universal income for them due to data limitations.

2.4.16 Temporary unemployment wage compensation (bunnc_si)

- *Definitions*

Temporary unemployment wage compensation is a Covid-19 benefit for the employees who become unemployed in the time of the epidemic and are not eligible for unemployment wage compensation

- *Eligibility conditions*

Eligible are employees who become unemployed due to the business reasons or termination of the employment contract at the time of the epidemic and are not eligible for the (regular) unemployment wage compensation. The measure is in force for period from March 13 to May 31.

- *Income test*

Not applicable.

- *Benefit amount*

Temporary unemployment wage compensation is monthly benefit in the amount of 513.64 EUR. The social security contributions are paid as for regular unemployment wage compensation.

- *EUROMOD notes*

It is simulated only when used together with the labour market adjustment (LMA) tool.

If original months in unemployment are higher than duration of Covid-19 measures (2.59 months), the full duration of benefit receipt is assumed. If original months in unemployment are equal or lower than duration of epidemic, the benefit receipt is set randomly (with 21.6% (2.59/12) probability) with the duration equal to the original months in unemployment.

2.4.17 Lump sum allowance for vulnerable groups during Covid-19 (bls_si)

- *Definitions*

Lump sum allowance is one-time solidary supplement for vulnerable groups due to Covid-19 epidemic.

- *Eligibility conditions*

Covid-19 lump sum allowance is entitled to:

- a) pensioners whose pension is up to 700 EUR,
- b) recipients of wage compensation for disabled workers who work part time, are temporary on hold or do not work due to reasons caused by epidemic,

- c) persons aged 65 or more and farmers (or their family members) if they are not pensioners and their incomes are below income and means-test for income support
- d) students,
- e) unemployed recipients of wage compensation for disabled workers,
- f) recipients of social assistance and income support (who are not retired),
- g) recipients of parental allowance,
- h) recipients of childcare supplement,
- i) recipients of parental payment up to the amount of minimum wage,
- j) recipients of compensation for lost income due to care of child who need special care,
- k) foster carers for each child up to the age of 18,
- l) recipients of child benefit from 1st to 6th income bracket,
- m) recipients of large family allowance.

Each person is eligible to only one solidary supplement based on the one of the above eligibility conditions.

- ***Income test***

Covid-19 lump sum allowance is a universal benefit with different rules for particular groups. Eligible are pensioners with monthly pension below 700 EUR. For some groups the benefit is conditional on receipt of other benefits. It is a universal benefit for students.

- ***Benefit amount***

All pensioners with pensions up to 700 EUR will receive one-time solidarity supplement dependent on the pension amount:

- 300 EUR for pensioners with (monthly) pensions up to 500 EUR,
- 230 EUR for pensioners with pensions from 500.01 EUR and up to 600 EUR,
- 130 EUR for pensioner with pensions from 600.01 EUR and up to 700 EUR.

The recipients of wage compensation for disabled workers who work part time, are temporary on hold or do not work due to reasons caused by epidemic are eligible to the same benefit amount as pensioners. In case of part-time work, the recipients are eligible only to the proportional amount of allowance.

Covid-19 one-time lump sum allowance for all other vulnerable groups (persons aged 65 or more and farmers (or their family members) if they are not pensioners and their incomes are below income and means-test for income support, students, unemployed recipients of wage compensation for disabled workers, the recipients of social assistance and income support (who are not retired), parental allowance, childcare supplement, parental payment up to the amount of minimum wage, compensation for lost income due to care of child who need special care, and for the foster carers for each child up to the age of 18) is 150 EUR. Potential recipients are eligible to lump sum allowance only due to one reason and cannot receive the benefit more than once.

The yearly amount of large family allowance for 2020 is increased due to Covid-19 to 504.48 EUR for the families with three children and to 691.52 EUR for families with four or more children.

The recipients of child benefit from 1st to 6th income bracket are, due to Covid-19, eligible to 30 EUR for each eligible child, but only if parents are not eligible to the increased large family allowance due to Covid-19.

Lump sum allowance for vulnerable groups is exempt from all taxes and it is not included in income tests for benefits.

- *EUROMOD notes*

Covid-19 lump-sum allowances are included into the full-year adjustment (FYA) switch and are off by default in the model.

2.5 Social contributions

There are four types of compulsory social security contributions, which are paid both by employer and employee: (1) for pension and disability insurance (they are paid to the Pension Insurance Fund), (2) for health insurance (they are paid to the Institute of Health Insurance), (3) for unemployment insurance (they are paid to the central government), (4) for maternity leave insurance (they are paid to the central government).

There are also some social security contributions for benefits. Employee part of these contributions (unemployment wage compensation, parental payments, wage compensation for disabled workers, compensation for lost income due to care for child with special needs) is included among employee social contributions, although they are paid from the institution which disburses the benefit.

The “employer” part of social security contributions on benefits (parental payments, wage compensation for disabled workers, unemployment wage compensation, compensation for lost income due to care for child with special needs, unemployment assistance and pensions) could be considered as credited contributions. However, in external statistics these contributions are treated as transfers between public funds.

As already mentioned, there are also credited social security contributions for parents satisfying the following conditions:

- part time work of parents with children under 3/6 - up to full working time,
- paternal payment without wage compensation up to the end of 2017
- parents who exit the labour market due to the care for four or more children.

Besides, there are also credited health insurance contributions on pensions (paid by Pension Fund to the Health Insurance Company) and health insurance contributions on unemployment assistance (paid by Employment Service to the Health Insurance Company).

Employee and employer contributions are paid by the employer. The minimum base for social contributions was in force at the level of minimum wage for taxable employment income and wage compensation for sick leave up to 2014. This means that the social contributions were paid from minimum wage if reference earnings (employment income and wage compensation for sick leave) were lower than minimum wage. The new Pension and Disability Insurance Act, enforced at the beginning of 2013, gradually increases minimum base for social contributions up to 60% of average wage in 2021; the minimum base was set at the level of minimum wage in 2013 and 2014 and increased to 52% of average wage in Slovenia in period 2015–2017. After this period the minimum base for social contributions was increased for two percentages in each further year, reaching 54%, 56% and 58% of average wage in Slovenia in years 2018, 2019 and 2020, respectively.

The current pension legislation introduced reduced social security contributions for employing first-time job seekers and older workers, starting from July 2013. Employers can apply for 50% refund of employer social contributions paid for the first year of employment of the first-time job seeker, and for 30% refund for the second year. The additional condition is that the employment

contract is permanent and signed for at least two years and that the employee is younger than 26 years (or is a mother with a child up to three years of age). By the same token, employer social contributions are 30% lower for employees who have reached the age of 60 years and over and 50% lower for employees who have already fulfilled early retirement conditions (but only before the age of 60 years).

Few temporary changes were adopted in 2016 with Intervention Measures for the Labour Market Act. Reduction of social security contributions for employees who are older than 60 years and employees who have already fulfilled early retirement conditions are abolished until the end of 2019. On the other hand the employer who permanently employs unemployed person older than 55 years (who has been unemployed for at least six months) is exempt from all employer contributions for 24 months. This change is in force until the end of 2019.

In 2013 the Act Amending and Supplementing the Labour Market Act was passed which brought some changes regarding social contributions for unemployment insurance. Namely, on the one hand employer who permanently employs a person is exempt from the payment of unemployment insurance for two years, but on the other hand employer who temporarily employs a person is obliged to pay the amount of 5 times the amount specified for unemployment insurance by the act for the entire period of fixed-term employment.

- **EUROMOD notes**

The minimum base condition reduced social security contributions (with the exception of the reduction for employees aged more than 60) and increased social security contributions in case of temporary employment are not modelled due to data constraints.

2.5.1 Employee social contributions (tscee_s), (tscbe_s)

Employee social contributions are paid at a flat rate 22.1% of reference earnings. Reference earnings are: taxable employment income and wage compensation for sick leave. Employee part of social contributions is paid also from some benefits: compensation for lost income due to care for child with special needs, maternity and paternal payments, unemployment wage compensation and wage compensation for disabled workers. Social contributions are levied on parental allowance for only pension and disability insurance. There is no upper earnings threshold. The base for contributions includes also some fringe benefits and remuneration of expenses related to work above certain threshold.

The rates of employee social contributions are the following:

- a. for pension and disability insurance: 15.5% - the base consists of all listed incomes plus parental allowance;
- b. for health insurance:
 - 6.36% - the base is taxable employment income and wage compensation for sick leave
 - 5.96% - the base is unemployment wage compensation, compensation for lost income due to care for child with special needs, maternity and paternal payments;
- c. for unemployment insurance: 0.14% - the base consists of all listed incomes
- d. for maternity leave insurance: 0.1% - the base consists of all listed incomes

In case the reference earnings are lower than minimum base the base is calculated as follows:

1. employee social security contributions are paid from reference earnings, and
2. from the difference between reference earnings and minimum base:
 - a. the social contributions for unemployment insurance: 0.14 %

- b. social contributions for maternity leave insurance: 0.1%.

Health social insurance contributions are not paid.

- **EUROMOD notes**

Due to data restrictions, the base consists (only) of: taxable employment income and wage compensation for sick leave. The employee part of social contributions for benefits consists of unemployment wage compensation, wage compensation for disabled, maternity and paternity payment. The employee's part of social contributions on benefits (tscbe_s) is added to employee's social contributions (ils_sicee) in the output and has to be subtracted to get contributions paid actually by employees. The minimum base condition is not modelled due to data constraints.

2.5.2 Employer social contributions (tscer_s)

Employer social contributions are always paid in line with employee social security contributions. In addition, there are also some incomes where only employer social contributions are paid. The rates of contributions are the following:

- a) for pension and disability insurance:
 - 8.85% - the base are all incomes which are the base for employee social contributions¹ plus parental allowance,
- b) for health insurance:
 - 6.56% - the base is taxable employment income and wage compensation for sick leave, maternity and paternity payments;
 - 5.96% - the base is unemployment wage compensation
- c) for occupational disease and employment injury insurance contributions:
 - 0.53% - the base is taxable employment income and wage compensation for sick leave;
- d) for unemployment insurance:
 - 0.06% - the base are all incomes which are the base for employee social contributions;
- e) for maternity leave insurance:
 - 0.1% - the base are all incomes which are the base for employee social contribution.

In case the reference earnings are lower than minimum wage the procedure is as follows:

1. employer social security contributions are paid from reference earnings and
2. from the difference between reference earnings and minimum wage:
 - a. social contributions for pension and disability insurance (employee and employer part): 24.35 %
 - b. the social contributions for unemployment insurance 0.06 %;
 - c. social contributions for maternity leave insurance: 0.1%.

Health social insurance contributions are not paid.

- **EUROMOD notes**

The minimum base condition is not modelled due to data constraints.

¹ All listed incomes are: taxable employment income, wage compensation for sick leave, unemployment wage compensation, wage compensation for disabled, maternity and paternity payment.

2.5.3 Self-employed social contributions (tscse_s)

The annual base for social contributions is calculated as:

profit in last year + paid social security contributions in last year – share of the base reduction*(profit in last year + paid social security contributions in last year)

Share of base reduction amounts to 30% in 2014, 28% in 2015 and 25% from 2016 onwards. However, the minimum base and upper threshold still remain: the upper threshold has been increased to 3.5*average gross wage in 2014. The minimum base amounted to minimum wage in 2014; in 2015, the minimum base was increased to 54% of average gross wage in Slovenia, in 2016 to 56% of average gross wage, in 2017 to 58% of average gross wage and in 2018 to 60% of average gross wage in Slovenia, when also its maximum was reached. Thus, from 2019 onwards, the minimum base is at 60% of average gross wage in Slovenia. Self-employment contribution rates correspond to the sum of employee and employer contributions rates, i.e. 22.1% + 16.1%=38.2%.

- **EUROMOD notes**

Data on self-employment income in EU SILC include self-employment income (which is taxed with social contributions) and also other types of income (agriculture income, part of employment income to align with labour economic status) which are only partially included in the EU-SILC survey. Therefore, a proper identification of self-employed persons who are obliged to pay social insurance contributions is needed. In 2009 and onwards, we identify them by comparing gross and net self-employment income in EU-SILC (py050g and py050n). When net self-employment income is lower than gross self-employment income, we assume that social insurance contributions were paid and we consider them as self-employed who are obliged to pay social contributions. In the years before 2008, we identify this group of self-employed by setting the condition controlling also for their labour status (les = 2).

2.5.4 Social contributions for occasional incomes (tscee_s, tscer_s)

In 2014 and 2015, the new legislation concerning social contributions for “occasional” incomes, was adopted. Occasional incomes are incomes from contractual work, incomes from student work and royalties.

Social contributions for incomes from contractual work and royalties are levied differently depending on whether a recipient is already insured or not. Insured are persons who are full-time employed, pensioner and student work incomes recipients. Social contributions for incomes from contractual work and royalties are:

1. a recipient is already insured:
 - a. 8.85% employer contribution for pension and disability insurance,
 - b. 0.53% employer contribution for occupational disease and employment injury insurance
 - c. 6.36% of employee contributions for health insurance;
2. a recipient is not insured:
 - a. 15.5% of employee contribution for pension and disability insurance,
 - b. 6.36% of employee contributions for health insurance,
 - c. 8.85% employer contribution for pension and disability insurance,
 - d. 0.53% employer contribution for occupational disease and employment injury insurance contributions.

Since February 2015 social contributions are levied also to incomes from student work:

- a. 15.5% of employee contribution for pension and disability insurance,
- b. 8.85% employer contribution for pension and disability insurance,
- c. 6.36% of employer contributions for health insurance,
- d. 0.53% employer contribution for occupational disease and employment injury,

In addition to contributions, employer must also pay the concession fee in the amount of 16% (8.4% for the budgetary fund of the Ministry, 3.8% for Slovenian Student Union and 3.8% for intermediaries) and additional concession fee of 2%.

- **EUROMOD notes**

If the recipient receives income from contractual work and employment income ($yem > 0$) we assume, the person is already insured.

The social contributions levied on incomes from royalties are not modelled due to data constraints.

2.5.5 Credited social contributions (tscctfa*_s, tsccthl01_s, tscct*_s)

The base for credited social security contributions for parents is an appropriate percentage of minimum wage in case of part time work or the total amount of minimum wage. Social security contributions are paid at the following rates: 21.70 % for employee social security contributions (15.5 % for pension and disability insurance, 5.96 % for health insurance, 0.10 % for maternity leave insurance and 0.14 % for unemployment insurance) and 9.01 % for employer social security contributions (8.85 % for pension and disability insurance, 0.10 % for maternity leave insurance and 0.06 % for unemployment insurance). The base for credited health insurance contributions on pensions is the amount of pensions multiplied by a factor (1.573), while the contribution rate is 5.96%. The base for credited pension and disability insurance contributions on parental allowance is the benefit amount and the contribution rate is 24.35 % (employee side 15.50% and employer side 8.85%). Note that these contributions are treated as transfers between public funds in external statistics and not as credited contributions.

The employer part of social contributions on benefits is also treated as transfers between public funds and not as credited contributions. The following rates are applied: 16.10 % for wage compensation for disabled workers and parental payments, and 14.97% for unemployment wage compensation.

2.6 Personal income tax (tin_s)

The main tax simulated for Slovenia is personal income tax. All residents are required to file income tax returns if their annual income exceeds an exemption limit (i.e. general tax allowance and higher amount for pensioners).

2.6.1 Tax unit

Personal income tax in Slovenia is individual and each taxpayer must file its own tax return. Only in case of family allowances we consider family, but only to determine dependent children and other dependent family members.

2.6.2 Exemptions

There are few tax exemptions i.e. income components which do not have to be declared to the tax authorities, and thus are not included in the concept of taxable income: (a) family benefits (birth

grant, large family allowance, child benefit, parental allowance), (b) social assistance and income support, (c) housing benefit, (d) attendance supplement, (e) childcare supplement, (f) benefits from education (scholarship), (g) disability supplement and (h) employee social contributions.

2.6.3 Tax allowances

There are nine tax allowances: (a) general tax allowance, (b) disabled person's tax allowance, (c) allowance for self-employed professionals, (d) special allowance for additional pension insurance, (e) allowance for students, (f) family allowance for other dependant family member (partner or parent) and (i) family allowance for children. The first 5 allowances are named standard allowances and the last 2 are named family allowances. All tax allowances are deducted from the intermediary tax base.²

- *Standard tax allowances (tinta_s)*

Taxpayers who are not dependent children / parents / partners (another taxpayer claims family or child allowance for them) or taxpayers with positive intermediary tax base are eligible for general allowance. General allowance differentiates according to the taxable income amount.

Disabled person's allowance is granted to all taxpayers who are heavily disabled.

Self-employed professionals in the field of culture, self-employed journalists and self-employed professional athletes are entitled to the annual allowance equal to 15% of their income, but the allowance cannot be higher than €25,000 per year. Taxpayers can also claim allowance for insurance premium paid for additional voluntary pension insurance in the size up to 24% of the social contributions for pension and disability insurance, but the allowance cannot be higher than the amount set by law.

There is also a special allowance for students who work on the basis of a student's referral note from an authorised organisation, which carries out an activity of providing work to secondary-school and university students in accordance with the regulations in the domain of employment. All students, regardless the income amount from student work, are entitled to this allowance.

- *EUROMOD notes*

Disabled person's allowance and self-employed professional's allowance are implemented but switched off because of lack of data on eligibility.

- *Family tax allowances (tinta_s)*

In case of family allowances, we consider family as a tax unit to determine dependent children and other family members. Despite considering family as a tax unit to determine dependent family members, it should be kept in mind that tax allowances are always assessed individually and not jointly.

We distinguish between tax allowances for dependent family members and tax allowances for dependent children.

Dependent family member is:

- dependent spouse or

² Intermediary tax base is taxable income minus employee and self-employed social security contributions.

- dependent parent

with intermediary tax base less than family allowances for other dependent family members.

Children below age 18 are considered dependent children, regardless of any other condition. Children aged 18 or more but less than 26 are considered dependent children only if a person is in full time education. If a child is unemployed and with income less than family allowances for dependent child, he/she can also be considered as dependent child.

Every person is considered as an individual in the Slovenian tax system. Therefore, parents can freely decide how to split entitlement to child allowances among them. In most cases it is optimal that parent with highest final tax base claims allowance for all children, as the allowance is progressive.³ For this reason, it is assumed that parent with highest final tax base claims allowance for all children, or for the children his/her final tax base can absorb.

If the final tax base of parent with highest income is not sufficient to claim allowances for all dependent children in the family, the other parent should claim allowance for the rest of children. As allowance is progressive, it is important to keep in mind that the other parent can claim allowance only for the number of children reported in his/her own tax return, regardless of the number of children in family. For example, in a family with five dependent children, the father claims allowance for 3 children (for the first, the second and the third) and the mother claims allowance for the other two children (who are considered as first and the second dependent child for the mother and not as fourth and the fifth from a family perspective).

A rule also exists, that parents cannot share the allowance for the same child. The exception is that parents can share allowance for the same child only if the final tax base of one parent is too low and the allowance for the dependent child could not be claimed in its full amount. It should be noted that parents are allowed to “split” children but not the amount of the allowance. For example, in a family with 3 children, where the father is able to claim allowance for two children and 1/3 of allowance for the third child, the mother can claim the rest - 2/3 of allowance for the third child. In this case, the dependent child is considered as “first” for the mother and the allowance amounts to 2/3 of allowance for the first child.

The head of the household can claim allowance for as many children as his/her final tax base can absorb and also for residual children, i.e. the children for whom the allowance cannot be claimed in full amount. In the model implementation, the remaining part of the allowance is not transferred to the other parent but it is ignored.

Children left for the other parent – the partner of the head of tax unit – are defined as the difference between the number of all dependent children in the tax unit and the number of children the parent with highest final tax base claims allowance for.

Finally, total allowance for either parent is calculated. Family allowance is progressive and it rises for each subsequent child.

³ Note that this final tax base contains all standard tax allowances but no family tax allowances yet.

Table 15 Personal income tax allowances (EUR per year), effective on June 30, 2017–2020

Allowances	2017	2018	2019	2020
Standard allowances				
- General	<ul style="list-style-type: none"> • 6,519.82 if gross income is up to 11,166.37 • 4, 418.64 if gross income is between 11,166.37 and 12,570.89 • 3,302.70 if gross income is 12,570.89 or higher 	<ul style="list-style-type: none"> • 6,519.82 if gross income is up to 11,166.37 • 3,302.70 + (19,922.15-1.49601 x gross income) if gross income is between 11,166.37 and 13,316.83 • 3,302.70 if gross income is 13,316.83 or higher 	<ul style="list-style-type: none"> • 6,519.82 if gross income is up to 11,166.37 • 3,302.70 + (19,922.15-1.49601 x gross income) if gross income is between 11,166.37 and 13,316.83 • 3,302.70 if gross income is 13,316.83 or higher 	<ul style="list-style-type: none"> • Lower band cancelled • 3,500.00 + (18,700.38-1.40427 x gross income) if gross income is 13,316.83 or lower • 3,500.00 if gross income is higher than 13,316.83
- For the disabled	17,658.84	17,658.84	17,658.84	17,658.84
- For self-employed professionals	15% of annual incomes up to 25,000.00	15% of annual incomes up to 25,000.00	15% of annual incomes up to 25,000.00	15% of annual incomes up to 25,000.00
- For additional pension insurance	max up to 2,819.09	max up to 2,819.09	max up to 2,819.09	max up to 2,819.09
- For students	2,477.03	3,302.70	3,302.70	3,500.00
Family allowances				
- For dependent children	2,436.92	2,436.92	2,436.92	2,436.92
• 1 st child	2,649.24	2,649.24	2,649.24	2,649.24
• 2 nd child	4,418.54	4,418.54	4,418.54	4,418.54
• 3 rd child	6,187.85	6,187.85	6,187.85	6,187.85
• 4 th child	7,957.14	7,957.14	7,957.14	7,957.14
• 5 th child	1,769.30 (more than previous child)	1,769.30 (more than previous child)	1,769.30 (more than previous child)	1,769.30 (more than previous child)
• each subsequent child				
- For disabled child	8,830.00	8,830.00	8,830.00	8,830.00
- For dependent family members	2,436.92	2,436.92	2,436.92	2,436.92

- **EUROMOD notes:**

The possibility of splitting the allowance for one child between parents is neglected in the implementation due to the model complexity and likely negligible impact on aggregate results. However, the model determines the number of children the parent with highest final income claims allowance for, and the number of children left for the second parent. The model assumes that at most 10 dependent children live in one family, which meets the requirements of Slovenian data.

It was not possible to apply actual calculation of family allowances entirely in EUROMOD. Therefore, there are some differences between the policy implemented in EUROMOD and actual calculation of family allowances:

- upper income limit cannot be controlled for dependent partners in the tax unit definition and only partly for dependent parents,
- dependent child income limit depends on the family allowance for that child – current policy always compares income of dependent child to allowance for the first child,
- policy currently does not allow splitting of one child between parents,
- implementation does not check if child is less than a year old (in this case only a proportional child allowances are taken into account).

Parents of disabled children are entitled to higher tax allowance. This cannot be simulated.

2.6.4 Tax base

The final tax base is defined as taxable income minus social security contributions minus tax allowances. We get intermediary tax base if we subtract employee and self-employed social security contributions from taxable income.

Taxable income consists of: employment income, self-employment income, wage compensation for sick leave, pensions (with yearly bonus), wage compensation for disabled workers, income from contractual work (90% of income), income from student work (90% of income), imputed income from land, royalties (90% of income), maternity (parental) payments, unemployment insurance benefit, compensation for lost income due to care for child with special needs, credited social contributions up to full working time for parents of children under three/six and for parents of four children or more who exit labour market.

Intermediary tax base is taxable income minus employee social security contributions.

Final tax base is intermediary tax base minus tax allowances.

Note that the final tax base cannot be negative. Therefore, policy limits tax allowances to intermediary tax base.

2.6.5 Tax schedule

The tax schedule is progressive, and it is shown in the table below.

Interests, capital gains and dividends are taxed separately. The tax rate for dividends and interest income was 20% up to 2012 and increased to 25% in 2013 and to 27.5% in 2020. The tax rate for capital gains depends on the holding period: 27.5% for a holding period of up to 5 years, 20% for a holding period from 5 to 10 years, 15% for a holding period from 10 to 15 years, 10% for a holding period from 15 to 20 years and 0% for a holding period greater than 20 years. The tax is treated as a final tax for residents and non-residents alike.

Table 16 Tax schedule 2017–2020

Tax bracket	Tax base (annual)		Tax
	From (EUR)	To (EUR)	
Tax schedule, 2017–2019			
1.		8,021.34	16%
2.	8,021.34	20,400.00	27%
3.	20,400.00	48,000.00	34%
4.	48,000.00	70,907.20	39%
5.	70,907.20		50%
Tax schedule, 2020			
1.		8,500.00	16%
2.	8,500.00	25,000.00	26%
3.	25,000.00	50,000.00	33%
4.	50,000.00	72,000.00	39%
5.	72,000.00		50%

- **EUROMOD notes**

Due to data limitations, investment income is taxed by 27.5%.

2.6.6 Tax credits

Tax credits are defined as deductions from tax due. In Slovenian tax system there is only one tax credit; pensioner allowance granted to all pension recipients, regardless of the type and amount of pension. This tax credit amounts to 13.5% of received pension.

2.7 Payroll taxes

There is only one payroll tax: tax on contractual work.

2.7.1 Tax on contractual work

The contractual work tax applies to all registered legal persons and individuals who perform private business or professional activity and employ other persons under contracts for temporary work. The taxable base also includes all refunds of expenses in connection with services performed. Tax is levied at the flat rate of 25% on gross payments.

3. DATA

3.1 General description

The Slovenian database consists of the Slovenian part of the European Union Statistics on Income and Living Conditions (EU-SILC). The observation units are households and persons aged 16 and over who live in these households and have been selected at random from the Central Population Register. These selected persons and their addresses determine the households that shall be interviewed.

The sample design for Slovenian EU-SILC was two-stage stratified design. In the first stage primary sampling units (PSUs) were selected, which are clusters of enumeration areas, approximately of the same size. In the second stage 7 persons were selected in the selected PSUs. Actually, the sampling frame of persons aged 16 years or more (on 31st December 2017) is divided into 6 strata, which are defined according to the size of the settlement and the proportion of agricultural households in the settlement. Since regional representativeness should be maintained, implicit stratification according to statistical region was applied.

The survey is in fact a panel; therefore, the selected persons and households participate in the survey for 4 consecutive years. The sample consists of 4 rotating sub-samples: every year a quarter of the respondents who have already participated in 4 consecutive surveys is eliminated and a new quarter of persons is introduced and interviewed for the first time. Every year the sample consists of approximately 12,500 persons or households (12,961 in 2018), respectively, whereas the method of selection and weights enable to generalize the response data to the entire population and to all the households.

The EU-SILC survey consists of two parts or sources: the survey and the register/administrative data. The data that refer to income and some other information are gathered from the existing registers and administrative records and are linked to the survey results. The use of registers and administrative sources not only facilitates the diminishing of the burden on the respondents, but it also helps cut down the survey expenses. Register and administrative sources from which important information is gathered:

- Pension and Disability Insurance Institute (pensions, supplements, compensations)
- Ministry of Labour, Family and Social Affairs (parental allowances)
- Health Insurance Institute (activity status of persons)
- Employment Service of Slovenia (income from unemployment, status of unemployed persons)
- Tax Authority (data from income tax register for taxable income like personal income, income of entrepreneurs, capital income, and income from property, data about income for social exclusion)
- Central Population Register (e.g. marital status, country of birth, citizenship)
- Ministry of Agriculture, Forestry and Food (subsidies for farmers).

Also some other statistical sources were used such as the Statistical Register of Employment, Demographic database and special Survey on Scholarships.

More information on technical issues concerning the Slovenian EU-SILC 2018 can be found in Quality report. The user database on which the EUROMOD database is based, is provided by Eurostat.

Table 17. EUROMOD database description

EUROMOD database	SI_2018_a1
Original name	UDB_cSI18
Provider	Eurostat
Year of collection	2018
Period of collection	January–June
Income reference period	Year 2017
Sampling	Two stage random sampling
Unit of assessment	Household [1]
Coverage	Private households [2]
Sample size	8,669 households 25,813 individuals
Response rate	70.91 [3]

[1] Households are composed of families or other communities of persons who live together and spend their income together (for dwelling, food, other), irrespective of whether all members have permanent residence in the place in which the household is located, or whether - due to work, schooling or other reasons - some of the members for a longer period of time (up to 6 months) live elsewhere in Slovenia or abroad.

[2] Households living at private residential addresses. Selected persons and their addresses determine the households that shall be interviewed.

[3] It refers to household response rate which is equal 1 minus household non-response rate.

3.2 Sample quality and weights

3.2.1 Non-response

Since there is the sample of persons, and the data are obtained both from the interview and from the registers, the household is considered respondent only if household questionnaire is completed and if also questionnaire for the selected person is completed. For other household members, data are obtained from registers.

Household non-response rate is computed as follows:

$$NR=(1-(Ra*Rh))*100,$$

Where Ra is address contact rate and Rh is the proportion of complete household interviews accepted for the database. Address contact rate amounted to 95.65% in 2018 and proportion of completed household interviews to 74.2%, meaning that household non-response rate was 29.09%.

Individual non-response rates (NRp) is computed as follows:

$$NRp=(1-(Rp))*100$$

Where Rp is the proportion of the complete personal interviews within the households accepted for the database. In 2018 Rp amounted to 100%, meaning that individual non-response rate was 0%. Overall non-response rate was 29.09%.

Unit non response is extensively documented in the Slovenian SILC Quality Report (National Reference Metadata in ESS Standard for Quality Reports Structure (ESQRSSI), SILC_ESQRS_A_SI_2018_0000).

3.2.2 Weights

The EU-SILC weights were calculated in three consecutive steps. In the first step the sampling weight (design factor), in the second the non-response adjustment factor and in the third the

calibration factor was calculated. The final weight was the product of all three factors. The weights were calculated for the selected households (selected person of the household) and for all the persons included in the survey.

The sampling weight for the sample person is inversely proportional to the probability of selection and the weight is calculated when the person is selected in the sample. The non-response factor was calculated for each stratum. The final step of the calculation of the weights was the calculation of the calibration factors. By the calibration procedures the weighted sums of some key variables are set to the known population values. The sum of weights is equal to the sum of the estimated number of households in Slovenia.

The reference population was defined with the persons in the Central Register of Population which were aged 16 years or more. The individuals with Slovenian citizenship as well as foreigners were included in the sampling frame. Table 18 presents more basic descriptive statistics for the grossing-up individual weight rb050.

Table 18 Descriptive Statistics of the Grossing-up weight

Number	25,813
Mean	78.02
Median	63.93
Maximum	1051.16
Minimum	1.84
Max/Min	571.28
Decile 1	27.32
Decile 9	140.17
Dec 9 / Dec1	5.13

3.2.3 Item non-response and under-reporting

Concerning item non-response, an overview is provided in the Slovenian SILC Quality Report where item non-response for each variable is assessed.

There is a large share of the households where some income is imputed. In the case of partial non-response some income variables were imputed (such as income from farming, reimbursement for travel to/from work, allowance for meal, non-cash employee income – components (value of the company car, months of use it), regular inter household transfers received, regular inter household transfer paid, contribution to private pensions plans, sickness benefits (numbers of days when person get sickness leave), tax on wealth, interests paid for mortgage (components to calculate interests), interests (received), consumption from own production (all components to calculate own production)). The most frequently reimbursement for travel to/from work and tax on wealth were imputed.

Some non-income variables, in the case that data were missing, were imputed, such as number of rooms, total housing costs, child care, and activity status during the income reference period, etc.

Based on Statistical Office of the Republic of Slovenia (SORS), the average net monthly wage in 2017 was 1,062.00EUR. The EU-SILC estimate of employee cash or near cash net monthly income is 950 EUR. The fact is that SILC monthly net income is somewhat lower than average net monthly wage from administrative sources. The reason might be the differences in income definition. Average wage reported by SORS refers only to taxable cash income received by worker, but it includes sickness benefits paid by employer (and not paid by National Health Insurance Institute). On the other hand, EU-SILC data refer to cash and near cash employment income (for example reimbursement for travel to/from work and meals) but exclude sickness

benefits. Even if we include sickness benefits (both, paid by employer and paid by National Health Insurance Institute) into the wage, we find out that the average net monthly wage (including sickness benefit) in 2017 amounted to 975 EUR.

It should be mentioned that survey wages are lower on average in comparison to official statistics in Slovenia. The reason lies in methodological issues, as official average wage calculation covers persons in paid employment with employment contracts (those working under work contracts or royalty are not covered). Covered are all legal persons but not individual private entrepreneurs and persons in paid employment by them, own account workers and farmers (groups with usually lower wages).

The difference between EU-SILC data on employment income and data from administrative sources is relatively small, which is expected as income data are gathered from the existing registers and administrative records.

3.3 Data adjustment

Adjustments to variables are kept to a minimum. Some minor data cleaning was done to ensure that the relationships of individuals within households are coherent.

In order to guarantee consistency between demographic variables and income variables which refer to the year before data was collected (and on which EUROMOD simulation are based), all children born between the end of the income reference period and the date of interview have been dropped from the sample.

3.4 Imputations and assumptions

3.4.1 Time period

All income information in EU-SILC 2018 refers to the fiscal year 2017 (January–December) and is expressed in annual totals. Generally, incomes and benefits in Slovenia are paid on a monthly basis, although there are few exceptions (birth grant, large family allowance). There is no information on the number of months a certain wage or benefit was received. In EUROMOD database there are all monetary amounts transformed to monthly averages by dividing amounts by 12; it means it is implicitly assumed that income is received at the same rate throughout the year.

The EU-SILC information on demographic variables mainly refers to the time of data collection (January–June 2018). The lag between the income reference period and current variables ranges from 1 to 6 months. However, some information also indicates the status at the end of the income reference period (year 2017). For example, there are two age variables: one of them indicating age at the time of the survey implementation and one at the end of 2017. Similar situation is observed for some socio-economic and labour variables. For example, variable pl031 (self-defined current economic status) refers to the data collection time, while variable rb170 refers to the main activity status during the income reference period. If possible, the corresponding demographic, labour and socio-economic information in the EUROMOD dataset were based on the EU-SILC variables, otherwise they were imputed.

3.4.2 Gross incomes

Most of the data derived from registers are recorded gross at component level in EU-SILC. All income data are collected at the individual level (i.e. the person registered as the receiver of the

income). This also concerns typically “household” related incomes such as housing benefits and social assistance.

Data file from the Tax authority enabled Statistical Office of the Republic of Slovenia that all income variables in EU-SILC were recorded gross and net. Some of variables have the same values for the gross and for the net, because from some kind of income the taxes were not paid. Only for PY021G and PY021N the gross amount was converted into the net amount taking into account 25% tax, which is usually paid in advance to tax authority.

Other notes can be found in the Slovenian SILC Quality Report.

3.4.3 Other imputed variables

Some income/benefit variables are aggregated at very high level in EU-SILC survey which makes many problems in modelling procedures. On the other hand, national version of EU-SILC contains the majority of EU-SILC variables at disaggregated level. Statistical Office of the Republic of Slovenia provided us with the access to the national version. Even in national SILC database there are particular family benefits recorded into aggregated variables; birth grant and parental allowance are merged into one variable, while child benefit, large family allowance and childcare supplement are merged into another variable. We split these aggregated variables in 2017 national SILC database according to the assumed eligibility of the family members. Since the national EU-SILC data are not anonymised, we got the permission to calculate the shares of individual benefit/income in aggregated EU-SILC variables. We applied these shares to EU-SILC UDB variables and in this manner imputed the following variables:

- bfapt - Social contribution up to full working time for parents of children under three/six
- bfabk - Credited social contributions for parents of four or more children who exit labour market
- bchba - Birth grant
- bmact - Parental - maternity payment
- bmanc - Parental allowance
- bcrbafh - Paternal payment
- bchlg - Large family allowance
- bchmt - Child benefit
- bcham - Maintenance replacement
- bchcc - Childcare supplement
- bcrsvcc - Compensation for lost income due to care of child who need special care
- yemnt - Non-taxable part of employment income
- yemtx - Taxable part of employment income; excluding 90% of income from contractual and student work
- yem00 - Employment income; excluding 90% of income from contractual and student work
- yemaj - Income from contractual work which is part of yem
- yemst - Income from student work which is part of yem
- yse00 - Self-employment income; excluding 90% of income from contractual and student work
- yseaj - Income from contractual work which is part of yse
- ysest - Income from student work which is part of yse
- yaj - Income - Contractual work
- yst - Income - Student work
- bdica - Attendance supplement
- bdixp - Disability supplement for disabled
- bdirw - Compensation for disabled workers

- pdi00 - Disability pensions; excluding attendance supplement (bdica), disability supplement for disabled (bdixp) and compensation for disabled workers (bdirw)
- poa00 - Pension - Old Age; excluding attendance supplement (bdica), disability supplement for disabled (bdixp) and compensation for disabled workers (bdirw)
- psu00 - Pension - Survivor; attendance supplement (bdica), disability supplement for disabled (bdixp) and compensation for disabled workers (bdirw)
- bsa00 - Social assistance (bsaen)
- bsacm - Charity which is cash or in-kind benefits received from charity (bsacm)
- bsapm - Income support
- bsaot - Other social assistance (i.e. other payments from Ministry of Labour, Family, Social Affairs and Equal Opportunities covered in variable hy050 - social exclusion not elsewhere classified).

In Slovenian EU-SILC gross employment income (yem) consists of non-taxable employment income, taxable employment income, student work income and contractual work income. However, not the full amount of contractual work income and student work income goes into the yem variable, as costs (in the majority of cases standard costs in the amount of 10%⁴) are deducted. We followed this logic when preparing EUROMOD data. Therefore the sum of yemtx, yemnt, yemst and yemaj is higher than yem. The valid equation is the following: $yem = yemtx + yemnt + 0.9*yemaj + 0.9*yemst$. In the same way we can describe the relationship between yse00, ysest and yseaj. Other key variables that are fully imputed (not available in the EU-SILC UDB survey) are:

- yivwg - Predicted wage
- Self-employment income recipients who are taxed with self-employment social insurance contributions are persons where lse00 = 2. These persons have lower net self-employment income than gross employment income.
- Work history (where missing) – based on the average working period for pensioners, age and sex.
- Number of months in work (where missing) – it is imputed according to employment and self-employment income in relation to the average wage.
- Previous wage – based on unemployment wage compensation.
- Slovenia is treated as one region - drgn is not applicable.

3.5 Updating

The factors that are used to update monetary variables from 2017 to 2020 are shown in the table in Annex 1. No other updating adjustments are used. Therefore, socio-demographic characteristics (such as employment status, demographic variables and household composition) as well as the distribution of income sources that are not simulated remain the same as in 2017.

⁴ Due to very small number of cases where claimed actual costs were higher than 10% we assume all recipients claim 10% standard costs.

4. VALIDATION

4.1 Aggregate Validation

EUROMOD results are validated against external benchmarks. Detailed comparisons of the number of people receiving a given income component and total yearly amounts are shown in Annex 2. Both market incomes and non-simulated taxes and benefits in the input dataset as well as simulated taxes and benefits are validated against external official data. The main discrepancies between EUROMOD results and external benchmarks are discussed in the following subsections. Factors that may explain the observed differences are also discussed.

A brief validation of the Covid-19 measures (in force up to the May 31 2020) is given in section 4.2.4 (Tables A11–A13 in Annex 2). In our baseline scenario the policies related to Covid-19 measures are switched off.

4.1.1 Components of disposable income

Disposable income in EUROMOD is slightly different from the original EU-SILC data as can be seen from Table 19. There are three reasons for that: a) inclusion of different income components in the definition of household disposable income, b) sample adjustments, and c) differences in the simulated vs. observed values of income components.

Table 19 Components of disposable income

	EUROMOD	EU-SILC 2018
Disposable income	ils_dispy	HY020
Employee cash or near cash income	yem (yemtx, yemnt, yemst, yemaj)	PY010G
Company car	-	PY021G
Cash benefits or losses from self-employment	yse (yse00, yseaj, ysest)	PY050G
Pension from individual private plans	ypp	-
Unemployment benefits	bunct	PY090G
Old-age benefits – old-age pension	poa	PY100G
Survivor' benefits – survivor pension	psu	PY110G
Sickness benefits – wage compensation for sick leave	bhl	PY120G
Disability benefits – disability pension	pdi	PY130G
Education-related allowances	bed	PY140G
Income from rental of a property or land	yprrt	HY040G
Family/children related allowances	bmact, bmanc_s, bchlg_s, bchba_s, bcrbafh, bchmt_s, bchcc, bcrsvcc, bcham, tscctfa0*_s	HY050G
Social exclusion not elsewhere classified	bsa_s, bsacm, bsapm_s, bsaot	HY060G
Housing allowances	bho_s	HY070G
Regular inter-household cash transfer received	ypt	HY080G
Interests, dividends, etc.	yiy	HY090G
Income received by people aged under 16	yot	HY110G
Regular taxes on wealth (-)	tpr	HY120G
Regular inter-household cash transfer paid (-)	xmp	HY130G
Tax on income and social contributions (-)	tinkt_s, tin00_s, ils_sicee, ils_sicse	HY140G

* Note: Credited employee and employer contributions: tscctfa01_s, tscctfa02_s, tscctfa03_s, tscctfa04_s

4.1.2 Validation of incomes inputted into the simulation

[See Annex 2 for tables]

In this section we compare statistics on earnings, benefits and taxes that are not simulated by EUROMOD with external sources (i.e. administrative figures). This provides an assessment of the quality of the database and also provides some useful background information for the validation of simulated components of income, which may depend on or be associated with the non-simulated components. For some of the main social security benefits that are not simulated by the model we calculate the ratio of EUROMOD earnings/expenditures and the numbers of recipients to estimates from administrative statistics. For these income components, the values in the EUROMOD database are mostly identical to those in the original database (here SILC 2018).

Next, we evaluate how well the 2017 income data is updated to match actual data up to 2020. Due to currently not fully revealed economic consequences of Covid-19 in 2020 we will mostly focus on the comparison of the simulated results and external statistics up to the year 2019. The unchanged socio-economic structure from 2017 in the model creates differences between simulated and actual data (at the aggregate level) due to improved economic conditions in the period 2017 - 2019.

Table A1 (see Annex 2) shows the number of employed and unemployed in EUROMOD and external (LFS) statistics. Although the definitions and the way of estimation of these figures are not strictly comparable between the two sources of information, the LFS indicates the dynamics which took place in the labour market within the period. Looking at the absolute values the number of employed seems to be slightly overestimated in EUROMOD (i.e. EU-SILC) and the number of unemployed even more so. We should keep in mind that the number of employed and unemployed from input dataset is computed based on the number of months in employment/unemployment. Thus, definitions between the EUROMOD and LFS, especially one of the unemployed, do not match precisely. The number of unemployed was continuously dropping in observed period and the simulated numbers of unemployed become more overestimated every year. On the other hand, in the period from 2017 to 2019 the actual number of employed has increased and consequently the simulated figures get closer to the actual numbers in 2018 and in 2019.

Table A2 and Table A3 show the number of recipients and aggregate amounts of market income. In 2017, the total taxable employment income is 4% higher in EUROMOD than in the external statistics, while the number of employment income recipients in EUROMOD exceeds external data by 6%. External data refer to fiscal administrative data prepared by the Ministry of Finance. One reason for overestimated data on employment income in EUROMOD might be the definition of employment income in EU-SILC (the basis for EUROMOD data). Employment income in EU-SILC also includes some non-taxable income (for example reimbursement for work related expenses: commuting and meals) which is not reported in PIT return and consequently not included into administrative data. Obviously, imputation of non-taxable part of employment income, based on national version of EU-SILC, is successful as discrepancies are rather small. The number of employed has increased in the period 2017–2020, leading to the increased employment income, in terms of total amount and the number of recipients, as well.

Self-employment income seems to be overestimated to a larger extent in EUROMOD, but EU-SILC based data on self-employment income include also some additional income in comparison to fiscal data: a) income from employment if the person spent some time in self-employment, b) some agriculture income and c) some non-taxable incomes collected from questionnaires. External statistics refer only to the “pure” taxable self-employment income.

Income from contractual work and income from student work in EUROMOD are both imputed from EU-SILC employment and self-employment income, based on national EU-SILC data. The number of recipients is overestimated in the case of income from contractual work by 7% in 2017, while the amount of this income almost matches the fiscal data in 2017 (underestimated by 1%). The number of

recipients and also the amount of income from student work are overestimated in comparison to fiscal data for year 2017 by 8% and 11% respectively.

Table A4 and Table A5 compare statistics on non-simulated benefits with external sources. Many differences between administrative figures and EUROMOD data arise from different coverage or reference period.

All pension benefits are aggregated in EU-SILC. This means that all benefits disbursed to old-age pensioners by the Institute of Pension and Invalidity Insurance of Slovenia are treated as old-age pensions in EU-SILC. The same logic applies for survivor and disability pensions. Based on the national version of EU-SILC, we calculated the shares of particular benefits within poa, pdi and psu and applied these shares on each pension benefit.

The number of old-age pensioners is underrepresented by 8% in EUROMOD, while on the other hand the aggregate amount of old-age pensions is overestimated by 15% (in 2017). As the number of old-age pensioners is increasing from year to year due to ageing population, the 2017 data underestimates the number of old-pensioners somewhat more in the later years (by 11% in 2020). For disability pensions, the difference between administrative figures and the observations in EUROMOD is wider. While the number of recipients is underestimated by 23% in 2017, the total expenditure on this component is underestimated by 11%. The difference between administrative figures and the observation in EUROMOD is even bigger when survivor pensions are concerned. The number of recipients in EUROMOD is underestimated by 41% and the total amount of survivor pensions by 28% in 2017. While an attendance supplement is quite underestimated in terms of recipients and aggregate amounts in EUROMOD data, a disability supplement is quite overestimated in terms of aggregate amounts in EUROMOD data, although it is very close to the external data in terms of recipients. The differences between EUROMOD data and aggregate statistics on pensions result from EU-SILC data (structure and amounts).

The aggregate amount of scholarships and the number of scholarship recipients are overestimated in EUROMOD in 2017 as well as in 2018.

The difference between administrative figures and the observations in SILC for unemployment wage compensation seems wider. It might be misleading, as external statistics refer to the average monthly number of recipients, while the number in EUROMOD refers to the total number of recipients in one year. Since the length of receiving unemployment benefit depends on individual characteristics, it is impossible to assume from administrative sources, how many persons received unemployment benefit during the whole year. However, aggregate amounts refer to yearly totals in aggregate statistics and in EUROMOD. Comparison reveals that unemployment benefit is underrepresented in the data in 2017, when EUROMOD covers 87% of unemployment wage compensation amount. The number of unemployed and recipients of unemployment benefit was dropping in the following years which resulted in better match of unemployment benefit amount in years 2018 and 2019.

Wage compensation for disabled workers is relatively small benefit and it was imputed in EUROMOD from disability benefits, based on national version of EU-SILC. The number of recipients in EUROMOD is bigger by 9% in comparison to external data in 2017, while the aggregate amount is underestimated by 4% in the same year. In the following three years, 2018–2020, the number of recipients remains overestimated, while the aggregate amount remains underestimated.

Compensation for lost income due to care of a child who needs special care is a benefit for the small number of recipients and it's overestimated in terms of the aggregate amount and the number of recipients as well. These differences between EUROMOD data and aggregate statistics result from EU-SILC data. Childcare supplement is another relatively small benefit which is underestimated in terms of the number of recipients and the aggregate amount in EUROMOD data over the whole observed period. It should be kept in mind that childcare supplement is imputed from aggregated

variable in national version of EU-SILC data containing child benefit, large family allowance and childcare supplement.

Since there is no external data available for the housing benefit, neither the number of recipients nor the aggregate amounts, we cannot make the comparison between the provided numbers in EUROMOD and the actual numbers.

4.1.3 Validation of outputted (simulated) incomes

[See Annex 2 for tables]

Table A6 and Table A7 compare statistics on simulated benefits in EUROMOD with data from administrative sources. In terms of total expenditure, the most important simulated benefits are child benefit, parental payment and social assistance while other benefits contribute only marginally to the total household disposable income. Simulated unemployment wage compensation is also validated in this section, although by default the observed unemployment wage compensation is used in the model rather than the simulated variable.

The number of birth grant recipients and the aggregate amount of benefit is underestimated. Birth grant has been a non means-tested benefit since 2018, therefore we observe a corresponding increase both in the model and in the administrative statistics.

The number of large family allowance recipients and its aggregate amount are very close to the actual numbers. In year 2017, the simulated number of large family allowance was only 1% over the external statistics, while the aggregate amount of benefit was overestimated by 9%. Large family allowance has been a non means-tested benefit since 2018, therefore the number of recipients and the aggregate amount is expected to increase. Simulated results for 2019 confirm this expectation, and slightly overestimate external data on the number of recipients and the aggregate amount of the benefit.

The numbers of child benefit recipients from administrative sources and from EUROMOD output refer to the number of eligible children. We find that in year 2017 the simulated number of children receiving child benefit is overestimated by 15% when compared to external statistics. This percentage increases to 23% in year 2018. However, the simulated number of children receiving the child benefit in 2017 exceeds the number of dependent children in families receiving this benefit in EU-SILC database by 7%. It might be assumed that the difference between simulation and administrative data is partly driven by EU-SILC sample. Besides, there are two possible reasons for overestimation. First, there might be a take-up issue, as child benefits for “high” income families are very low and there are chances that these families do not claim the benefit. However, there are no data on non-take up of child benefits. Second, family’s assets are taken into account when eligibility is assessed and many families were left out of this scheme or they received much lower benefit due to the value of their assets. The assets test, which might be the most important reason for the overestimation, was not modelled in EUROMOD due to data limitations in EU-SILC. The total expenditure on this benefit almost matches the external data over the whole observed period – it is overestimated by 3% in years 2017 and 2018 and underestimated by 2% in 2019.

The simulated number of parental payment recipients is overestimated, but the difference in the number of recipients might be misleading as external statistics refer to the average monthly number of recipients, while the number in EUROMOD refers to the total number of recipients in 2017. On the contrary, the total amount of this benefit is underestimated. The simulated parental payment covers 86% of total amount of this benefit in 2017, 82% in 2018 and 88% in 2019.

EUROMOD overestimates parental allowance; 9% of actual recipients in terms of the number of recipients and 13% in terms of the aggregate benefit amount in 2017. The difference between simulated and external data increases in the following two years. The number of parental allowance recipients and the aggregate benefit amount become overestimated by 48% and 51%, respectively, in 2019. This

trend could be explained by the fact that in the observed period employment increased which led to the decrease of women without parental benefit and therefore eligible for parental allowance.

The quality of paternal payment simulation could only be checked with the comparison of simulated and actual number of recipients, because there is no external data available on expenditure on this benefit. The simulated number of paternal payment recipients is overestimated by 59% in 2017. However, the comparison in the number of recipients might be misleading as external statistics refer to the average monthly number of recipients, while the number in EUROMOD refers to the total number of recipients in 2017.

Total expenditure of simulated social contributions up to full working time for parents is underestimated, while the simulated number of parents taking these rights almost matches the external data over the whole observed period. The number of parents taking the right to paid social contributions for parents leaving labour market as well as the total expenditure on these social contributions are both overestimated over the whole observed period.

In 2018 a very noticeable increase in the number of recipients and aggregate amount of social assistance were expected due to large increase in minimum income in June 2018. The expected effect was twofold: the existing recipients receive higher social assistance and there are also new recipients who are eligible because of higher income threshold. However, the simulated increase of social assistance in 2018 is severely overestimated if we do not simulate non-take up, assuming that these eligible only due to the increased minimum income mostly do not apply for social assistance. Therefore, adjustment for non-take-up is made in the model from 2018 onwards by assuming that only a small proportion (10%) of those newly eligible due to the minimum income increase actually claim it, using a random allocation. Unfortunately, there is no available administrative data on non-take-up of benefit.

After introducing a benefit non-take-up adjustment for social assistance the simulated values get much closer to the actual numbers. Namely, the number of social assistance recipients is overestimated by 11% and 3% in years 2017 and 2018, respectively, and underestimated by 11% in year 2019, while the simulated aggregated amount of social assistance is underestimated by 11% and 5% in years 2017 and 2019, respectively, and overestimated by 25% in 2018. As in the case of data on unemployment wage compensation recipients, the difference in the number of social assistance recipients might be misleading, since external statistics refer to average monthly number of recipients, while the number in EUROMOD refers to the total number of recipients. Moreover, we should be aware of two facts which very probably influence the distribution of social assistance. First, the actual entitlement for social assistance depends on incomes in the three previous months. EU-SILC database contains data on annual income and it is implicitly assumed that income is received at the same rate throughout the year, as monthly incomes are simply annual incomes divided by 12. Actual income position of individuals might be drastically changed during one year and three-month average can differ from annual average. Second, when assessing eligibility for social assistance substantial asset test is applied, but it cannot be simulated in EUROMOD due to data limitations.

The adjustment for non-take-up is also assumed when simulating income support. The income and means test of adult children, who are obliged to help the applicant to make a living, could not be simulated due to data constraints. Therefore, adjustment for non-take-up is made in the model from 2017 onwards by assuming that a certain proportion (60%) of eligible do (can) not claim the benefit, using a random allocation. Unfortunately, there is no available administrative data on the non-eligibility for income support due to the existence of adult children who could provide help for their parents and non-take-up of income support is based on the assumption. Even after the non-take-up adjustment the simulated number of income support recipients is overestimated by 53% and 39% in years 2018 and 2019, respectively, while in 2017 it is underestimated by 49%. This big discrepancy in 2017 can be partly explained by the fact that the obligation of adult children to support their parents was introduced in February 2017 and did not have a negative influence on the actual number of income

support recipients immediately. The aggregate amount of income support slightly better reflects administrative data. It is underestimated by 62% in 2017, overestimated by 17% in 2018 and very close to the actual number in 2019.

The unemployment benefit and housing benefit are not modelled in the default scenario of the model. However, as the users have an option to turn on the simulations, we validate the simulated results of the instruments.

The number of simulated unemployment wage compensation recipients is overestimated in all years, but the simulated results are much better in comparison to the UDB SILC-based EUROMOD data. However, the difference in the number of unemployment wage compensation recipients might be misleading as external statistics refer to average monthly number of recipients, while the number in EUROMOD refers to the total number of recipients in 2017. On the contrary, the total amount of this benefit is underestimated. The simulated unemployment wage compensation covers only 89% of this benefit from original data (EU-SILC) and only 78% of benefit in 2017 compared to aggregate statistics. After the year 2017, the differences between simulated amount of unemployment wage compensation and external statistics become smaller but still remain quite big in 2018. Therefore, we use non-simulated unemployment benefit records in the baseline EUROMOD model. Housing benefit is severely oversimulated in EUROMOD compared to the original SILC data, while external statistics for validation are unavailable.

Table A6 and Table A7 also compare statistics on PIT simulated by EUROMOD with external sources - Statistical analysis of tax return data. The number of taxpayers from Statistical analysis of tax return data (external source) referred to all persons who received taxable income regardless the amount of total income in a year and regardless the obligation of filling in the tax return. Therefore, the number of taxpayers in EUROMOD refers to the number of persons with any type of taxable income.

Revenues from PIT simulated by EUROMOD prove that simulated policy and data suit actual situation in 2017, as simulated PIT is rather close to actually collected PIT. The number of taxpayers in EUROMOD meets the actual number of taxpayers in 2017, while the collected PIT is somewhat underestimated when simulated with EUROMOD, as aggregate amount of PIT is lower by 3% in comparison to actual collected PIT in 2017. On the contrary, in the following two years, 2018 and 2019, the difference between simulated and external values increases. Namely, the aggregate amount of PIT becomes underestimated by 19% and 17% respectively, which is expected due to increased employment and consequently higher number of taxpayers and higher collected PIT

The sum of taxable employment income amounts to 14,910 million EUR in EUROMOD in 2017, and is 4% higher than taxable income from aggregate statistics on PIT. But on the other hand, data on mean employment income in Table A3 show that employment income in EUROMOD is lower on average. This outcome is expected, as income data is anonymised and very high incomes are replaced by lower values. Due to progressive nature of PIT, the simulated PIT is therefore lower than actually collected PIT.

Table A6 and Table A7 also compare statistics on simulated social contributions in EUROMOD with external sources. There are no numbers available for the social security contributions payers. However, external information on total revenues from social contributions shows that EUROMOD simulations have good results.

Employee and employer social contributions are relatively well estimated in 2017, as simulated revenues exceed actually collected employee and employer social contributions only by 3% and 5% respectively. This divergence can be explained by the fact that aggregate amounts of incomes which are the base for social contributions are overestimated in the SILC. Over the years simulated employee and employer contributions become underestimated, as simulated employee (employer) contributions underestimate actual employee (employers) contributions by 4% (3%) in 2019. The reason lies behind the increasing number of employees in the period from 2017 to 2019.

External statistics on other social contributions include “employee” part social contributions of benefits, which is true for EUROMOD results as well. The EUROMOD data on the amount of other contributions is underestimated by 12% in 2017. Similarly, for the following two years the simulated other contributions are underestimated by 11% in 2018 and 9% in 2019. Categorization of “other” contributions in the official statistics is very detailed and Euromod simulations are only rough approximation for this category.

Revenues from self-employed social contributions are overestimated by 17% in 2017, despite the fact that self-employment income in EUROMOD is by 101% higher compared to the administrative sources in the same year (Table A3). Self-employment income in EU-SILC and also in EUROMOD includes some additional income types which are not treated as the basis for social contributions. Therefore, we introduce a variable *lse00* for persons who paid taxes on self-employment income, i.e. whose gross self-employment income is higher than net employment income. We assume that only eligible persons (who actually paid some tax on self-employment income) pay social security contributions. In following years from 2018 to 2019 social contributions on income from self-employment are similarly overestimated. Still, we have to keep in mind that the base for self-employed social contributions is profit in the previous year or even two years. Assumption in EUROMOD is that incomes and profits in previous years are identical to current income and profit, which might not be the case in real life.

4.2 Income distribution

All income distribution results presented here are computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI is calculated as the sum of all income sources of all household members net of income taxes and social insurance contributions. The weights in the OECD equivalence are: first adult=1; additional people aged 14 + = 0.5; additional people aged under 14 = 0.3.

4.2.1 Income inequality

Median disposable income in EUROMOD slightly underestimates disposable income reported by Eurostat, which can be seen from Table A8. Simulated median disposable income is lower by 3% and 6% for 2017/2018 and 2018/2019 respectively. The Gini coefficient and interquartile ratio in EUROMOD only negligibly differ from external data for year 2017/2018, while both indicators (Gini coefficient and interquartile ratio) become slightly underestimated in 2018/2019.

Detailed analysis of disposable income levels of different income deciles shows that we overestimate the share of equalised income in the lowest decile (by only 2% in 2017/2018 and by 12% in 2018/2019) and slightly underestimate the share of equalised income in the highest decile in 2018/2019 (by 3%, while in 2017/2018 the simulated value equals external data). This might be due to anonymised incomes used in EU-SILC data, where very low incomes are replaced by higher values and very high incomes are replaced by lower values. Besides, the reason for overestimation of disposable income in the lowest decile is also over-estimation of means tested social benefits which are targeted to lower deciles. For all other deciles the deviation between EUROMOD estimates and EU-SILC based Eurostat statistics is even lower – it is not higher than 2% in 2017/2018 and 1% in year 2018/2019.

In the baseline EUROMOD the mean and median disposable income are estimated to increase in the total observed period. Simulation results show that policy changes in family benefits 2019 (100% wage compensation during parental and paternity leave (90% before) with higher upper threshold, unlimited wage compensation for maternity leave (limited to 2 times average wage in Slovenia before), a non means-tested large family allowance (means-tested benefit before)) and increased income brackets’ thresholds for defining benefits eligibility conditions, are expected to cause the increase in the median and mean disposable income, while inequality in 2020 is expected to remain at 2019 level. The detailed

income distribution of simulated disposable income shows that the shares of income by the income deciles are expected to stay at almost the same levels in 2020 as in previous year 2019. However, when assessing these simulation results, one should keep in mind that in the model there are no corrections for the labour market changes and original income due to Covid-19. Additional Covid-19 measures can be switched on in EUROMOD and are validated below.

4.2.2 Risk-of-poverty rates

Table A9 compares EUROMOD monetary risk-of-poverty rates and the external source poverty figures (Eurostat).

The risk-of-poverty rate is quite underestimated when poverty line is set at 40% of median income, especially for year 2018/2019. Underestimation of poverty at lower poverty thresholds can be partly explained by relatively high increase in minimum wage. Namely, a 10% increase in the minimum wage was reported for the period 2017–2019. The Table A8 also shows that we overestimate the share of income received by the lowest decile for the same reasons. When poverty threshold is set at 50% of median income the simulated risk-of-poverty rate gets closer to the external data for total population, but still remains quite underestimated in 2018/2019. Poverty rates reach around 66% of official poverty rates in 2018/2019 or if we consider poverty rates separately for males and females – 68% and 63%, respectively. The underestimated poverty rates at 50% poverty line might be explained by the same reasons as above.

At-risk-of-poverty rate at 60% of median income is well matched, as simulated values differ from the EUROSTAT poverty rates only by 2% in 2017/2018 and by 1% in 2018/2019. Similar simulation results are reached for 70% threshold risk-of-poverty rates as EUROMOD poverty rates are overestimated by 1% and 6% in years 2017/2018 and 2018/2019, respectively. Here and when interpreting previous results, we should take account of our median being slightly lower compared to the EU-SILC based estimate.

The estimated discrepancy between the poverty figures from EUROMOD incomes and from SILC incomes is not evenly distributed across age groups. Child poverty is very close to official data in 2017/2018 (overestimated by 2%), while it is underestimated by 15% in 2018/2019. Poverty rate among youth is underestimated by 14% in 2017/2018 and by 7% in 2018/2019, while poverty rates for the prime-age group of 25-49 years old and for the group 50-64 years old are by 9% (8%) and 6% (15%), respectively, higher in comparison to the external rates in 2017/2018 (2018/2019). Estimated poverty rate among the elderly population (65+) is lower than EUROSTAT poverty rate by 4% in 2017/2018 and by 11% in 2018/2019. We should keep in mind that poverty rates of age groups up to age 25 might be lower than external rates due to overestimated benefits which are targeted to these age groups (scholarship, large family allowance).

External data for year 2019 indicate that the poverty rates dropped among the age groups, except for the older age groups (aged 65 and more), compared to the previous year. The actual drop in poverty rates ranged from 1.2 to 2 percentage points for children and the group 50-64 years old, respectively. Based on the external data, the older age groups experienced a slightly increase in their poverty rates.

4.2.3 Validation of minimum wage

In this section we give a brief overview what is the impact of minimum wage policy, if switched on. In our baseline scenario the minimum wage policy is switched off.

On average minimum wage effect increases total earnings of employees from 1.5% in years 2017–2019 to 1.8% in year 2020 (see Table A10). Almost the same pattern can be found for employee social contributions (increase from 1.4% to 1.7%), while personal income tax increases slightly more – by

1.8% in the period from 2017 to 2019 and by 2.1% in 2020. Disposable income is increased by 0.69% in 2017, by 0.64% in 2018, by 0.66% in 2019, and by 0.76% in 2020.

Social assistance expenditure is decreased from 5.9% in 2017 to 7.4% in 2020. Inequality (measured by the Gini coefficient) is decreased from 0.42% in 2017 to 0.20% in 2020. In the observed period, 2017–2020, poverty rate is increased by 0.75%, 2.11%, 1.61%, and 2.79%, respectively.

4.2.4 Validation of Covid-19 measures

In this section we give a brief overview what is the impact of Covid-19-related measures, if switched on (Tables A11 and A12). Wage compensation for workers on hold due to Covid-19, crisis allowance for employees who work during Covid-19, universal income for self-employed during Covid-19, temporary unemployment wage compensation and lump sum allowance for vulnerable groups are simulated and described in the chapters from 2.4.13 to 2.4.17. The full extent and effects of these measures should be analysed in conjunction with the labour market adjustments for 2020. These are, however, not part of the baseline EUROMOD model. Hence in our baseline scenario the Covid-19 measures are switched off and can be switched on using LMA add-on and FYA switch. It should be noted that Covid-19 measures in force until the end of May 31, 2020 are simulated. Most of the listed measures were abolished afterwards by the Acts enforced in June, while limited amount of reimbursement of wage compensation for workers on hold to employers was kept in June and July 2020. Additionally, the partial subsidisation of part-time employment was introduced.

The validation of simulation results for Covid-19 measures is somewhat limited. At the first half of July the final data on the number of recipients and aggregate amounts for wage compensation, universal income for self-employed and all social security contributions related to these benefits still do not exist. In the Table A11 we present the assessment on the aggregate amount of the benefit and the number of recipients by months. We can see that we come close to the number of the wage compensation (paid by the state) recipients while the aggregate amount is within the assessment. Employer and employee credited pension and disability contributions for employees who work during Covid-19 are somewhat underestimated in terms of the number of recipients and in terms of aggregate amount. Simulated universal income for self-employed is underestimated as well, but it is expected as we could not simulate universal income for other beneficiaries: religious servants of a registered church or other religious community and insured farmers. We come much closer to external statistics when simulating lump-sum allowance for vulnerable groups: the number of recipients is underestimated by 8.8%, while the simulated aggregate amount is only 3.4% lower in comparison to external statistics.

In general, Covid-19 measures have a positive effect on disposable income (see Table A12). Namely, the disposable income is increased by 1.31% due to the measures that were in force between March 13 and May 31 in 2020. Obviously Covid-19 measures compensate for the drop in some types of income due to Covid-19, as modelled through the uprating factors in EUROMOD (income from student work, income from contractual work, self-employment income and investment income). Further decrease to earnings is modelled for those on wage compensations directly in the model. Hence the total earnings of employees decrease further by 3.8%, employee contributions by 3.6%, and personal income tax by 0.7%.

Quite significant decrease was observed in social assistance expenditure, by 10.2%. The measures of inequality (measured by the Gini coefficient) and poverty improved as they were both decreased by 1.64% and 1.75%, respectively. Again, it should be noted that no adjustments were made to employment situation in EUROMOD, hence the real effects of the Covid-19 may be different than presented here.

4.3 Summary of “health warnings”

This final section summarises the main findings in terms of particular aspects of the Slovenian part of EUROMOD or its database that should be borne in mind when planning appropriate uses of the model and in interpreting results.

- The sample is relatively small. Care should be taken in interpreting results for small sub-groups.
- The definition of some income source (employment income, self-employment income) in EUROMOD differs from definitions in administrative data.
- Variables employment income and self-employment income in EU-SILC contain student income and income from contractual work without 10% standard costs. Original income (*ils_origy*) and earnings (*ils_earns*) in EUROMOD contain student income and income from contractual work with included 10% standard costs.
- The definition of some labour market activity status in EUROMOD differs from the definition of labour market activity status used for assessing eligibility for benefits.
- EUROMOD database contains information on annual income and it is implicitly assumed that income is received at the same rate throughout the year, as monthly incomes are simply annual incomes divided by 12. This especially affects social assistance simulation.
- The simulation of monetary compensation schemes (*yemcomp_si* and *ysecomp_si*) is triggered by the simulation of labour market transitions defined in policy *TransLMA_si*. This policy becomes operational if the model is run in conjunction with the LMA add-on. The nature of these simulations is still experimental and only partially validated. Users are encouraged to refer to the “Simulating labour market transitions in EUROMOD” document prior to their use.
- Labour market transitions are switched OFF in EUROMOD baselines. As a consequence, the simulation of monetary compensation schemes does not produce any effect in baseline simulations. Since all policies not linked to labour market transitions are fully functional, it is possible for disposable income in 2020 to be higher than disposable income in previous years.

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ANNEX 1: UPDATING FACTORS

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Variable name	Factor reference name	2017	2018	2019	2020	
Harmonised CPI	\$hicp	101.4	103.36	105.11	105.63	Eurostat http://ec.europa.eu/eurostat/data/database ; http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do
Average monthly salary	\$supr_wage	1626.95	1681.55	1753.84	1764.36	SI-STAT Data Portal https://pxweb.stat.si/SiStatDb/pxweb/sl/10_Dem_soc/10_Dem_soc__07_trg_dela__10_place__01_07010_place/0701011S.px/table/tableViewLayout2/ for 2020: forecast of wage growth from The Institute of Macroeconomic Analysis and Development of the Republic of Slovenia (https://www.umar.gov.si/en/forecasts/interim-forecasts/forecast/news/vmesna-napoved-scenarij-covid-19/?tx_news_pi1%5Bcontroller%5D=News&tx_news_pi1%5Baction%5D=detail&cHash=4ee8c05d48166608ec78422f1c7c76ac)"
Parental allowance	\$supr_bmanc	252.04	252.04	525.04	258.09	Benefit amount
National scholarship	\$supr_bed	125.00	122.00	122.00	124.93	Average benefit amount, as there were so many policy changes in this period; Source: SI-STAT Data Portal http://pxweb.stat.si/pxweb/Database/Demographics/09_education/10_other_data/02_09543_Scholarship/02_09543_Scholarship.asp and Statistical Yearbooks, http://www.stat.si/StatWeb/en/mainnavigation/data/publications/statistical-yearbook?leto=2013 ; Statistical data from Ministry of labour for period 2015-2018 (https://www.gov.si/teme/drzavna-stipendija/)
Parental payment	\$supr_bmact	959.43	968.10	1109.63	1116.29	Average benefit amount, as the wage compensation was lowered in June 2012 from 100% to 90% and the upper threshold was lowered too. Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Statistics (http://www.mddsz.gov.si/si/uveljavljanje_pravic/statistika/druz_prejemki_zavarovanje_sv/); for years 2019 and 2020 average wage growth is used
Unemployment wage compensation	\$supr_bunct	704.37	707.73	710.40	733.21	Average benefit amount as the wage compensation has upper threshold and the rules changed in 2012, Source: ESS Annual reports, for 2019 and 2020 calculated amounts based on monthly reports of ESS
Unemployment assistance	\$supr_bunmt	0	0	0	0	Average benefit growth (2005 = 100)
Pension indexation	\$supr_pens	124.89	130.52	134.05	140.41	Pension indexation rule
Disability pensions	\$av_pdi	479.93	495.83	509.75	531.81	Average benefit amount; Source: Pension and Disability Insurance Institute of Slovenia, Annual Reports (http://www.zpiz.si/cms/?id=2&inf=69), for 2020 Pension and Disability Insurance Institute of Slovenia, Monthly Reports (https://www.zpiz.si/cms/content2019/-mesecnistatisticnipregled-koledar-objav)
Old-age pension	\$av_poa	620.25	639.00	657.99	687.11	Average benefit amount; Source: Pension and Disability Insurance Institute of Slovenia, Annual Reports (http://www.zpiz.si/cms/?id=2&inf=69), for 2020 Pension and Disability Insurance Institute of Slovenia, Monthly Reports (https://www.zpiz.si/cms/content2019/-mesecnistatisticnipregled-koledar-objav)
State pension	\$supr_poanc	0.00	0.00	0.00	0.00	Average benefit amount; Source: Pension and Disability Insurance Institute of Slovenia, Annual Reports (http://www.zpiz.si/cms/?id=2&inf=69)
Survivor pension	\$av_psu	391.11	401.11	412.10	429.21	Average benefit amount; Source: Pension and Disability Insurance Institute of Slovenia, Annual Reports (http://www.zpiz.si/cms/?id=2&inf=69), for 2020 Pension and Disability Insurance Institute of Slovenia, Monthly Reports (https://www.zpiz.si/cms/content2019/-mesecnistatisticnipregled-koledar-objav)
Income support	\$supr_bsapm	152.44	156.65	172.82	172.82	Average benefit amount as there were policy changes in 2012; Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Statistics (http://www.mddsz.gov.si/si/uveljavljanje_pravic/statistika/druz_prejemki_zavarovanje_sv/); for 2020 the same amount is assumed

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Income - contractual work	\$supr_yaj	99.42	102.75	107.17	95.70	Growth of average income from yaj for period 2005-2017, 2018-19 is 2017 + wage growth ; Source: Ministry of Finance: Basic Statistical data on PIT for years 2005-2017 (internal documentation); for year 2020 : 2019 + forecast for GDP growth , GDP forecast: The Bank of Slovenia, The analysis of the effects of Covid-19 on Slovenian economy (https://bankaslovenije.blob.core.windows.net/publication-files/analiza-vpliv-koronavirusa-na-slovensko-gospodarstvo-arc-slo.pdf)
Income - property	\$supr_ypr	94.77	98.11	102.33	102.94	Growth of average income from rent for period 2005-2007, for period 2008-2018 based on internal data about income sources from rent (gained from Tax administration); for 2019-2020 based on wage growth
Income – self-employment	\$supr_yse	161.49	166.91	174.09	155.46	Growth of average income from yse for period 2005-2017, 2018-19 is 2017 + wage growth ; Source: Ministry of Finance: Basic Statistical data on PIT for years 2005-2017 (internal documentation); for year 2020: 2019 + forecast for GDP growth, The Bank of Slovenia, The analysis of the effects of Covid-19 on Slovenian economy (https://bankaslovenije.blob.core.windows.net/publication-files/analiza-vpliv-koronavirusa-na-slovensko-gospodarstvoarc-slo.pdf)
Income - student work	\$supr_yst	236.29	244.22	254.72	227.47	Growth of average income from yst for period 2005-2017, 2018-19 is 2017 + wage growth ; Source: Ministry of Finance: Basic Statistical data on PIT for years 2005-2017 (internal documentation); for year 2020 : 2019 + forecast for GDP growth, GDP forecast: The Bank of Slovenia, The analysis of the effects of Covid-19 on Slovenian economy (https://bankaslovenije.blob.core.windows.net/publication-files/analiza-vpliv-koronavir
Income - investment	\$supr_yiy	780.76	1019.86	1063.70	949.89	For years 2006-2007 growth of amount of total PIT paid on capital gains, (no data for 2005 due to different taxation), from 2007 to 2018 internal data of The Ministry of Finance about capital incomes and taxes, for 2019: based on 2018 + salary growth; for year 2020: 2019 + the forecast for GDP growth, GDP forecast: The Bank of Slovenia, The analysis of the effects of Covid-19 on Slovenian economy (https://bankaslovenije.blob.core.windows.net/publication-files/analiza-vpliv-koronavirusa-na-slovensko-gospodarstvo-arc-slo.pdf)
Social assistance	\$supr_bsa	3424.08	3902.91	4645.11	4645.11	Average benefit amount as there were policy changes in 2012; Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Statistics (http://www.mddsz.gov.si/si/uvcljavljanje_pravic/statistika/druz_prejemki_zavarovanje_sv/); for 2020 the same amount is assumed
Large family allowance	\$supr_bchlg	383.32	405.42	404.78	415.15	Average benefit as the benefit became means tested in 2012; Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Statistics (http://www.mddsz.gov.si/si/uvcljavljanje_pravic/statistika/druz_prejemki_zavarovanje_sv/); no data for 2019-2020, but due to unchanged amount of benefit in 2019 the same value is assumed and benefit amount growth (2.4%) is assumed for 2020
Birth grant	\$supr_bchba	285.36	284.74	288.07	294.98	Average benefit as the benefit became means tested in 2012; Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Statistics (http://www.mddsz.gov.si/si/uvcljavljanje_pravic/statistika/druz_prejemki_zavarovanje_sv/); no data for 2019-2020, but due to unchanged amount of benefit in 2019 the same value is assumed and benefit amount growth (2.4%) is assumed for 2020
Paternal payment	\$supr_bchfh	422.26	436.43	455.19	457.92	Average benefit amount for period 2005-2010; 2011 - 2020 we use salary growth (no data available); Source: SORS, Statistical yearbooks (http://www.stat.si/StatWeb/en/mainnavigation/data/publications/statistical-yearbook?leto=2013)
Child benefit	\$supr_bchmt	150.42	135.60	129.15	132.25	Indexation rule up to 2010 and the increase in average amount of child benefit afterwards (due to changes in rules); no data for 2019-2020, but due to unchanged amount of benefit in 2019 the same value is assumed and benefit amount growth (2.4%) is assumed for 2020
Childcare supplement	\$supr_bchcc	118.92	119.69	121.25	124.16	Average benefit amount; Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Statistics (http://www.mddsz.gov.si/si/uvcljavljanje_pravic/statistika/druz_prejemki_zavarovanje_sv/); no data for 2019-2020, but due to unchanged amount of benefit in 2019 the same value is assumed and benefit amount growth (2.4%) is assumed for 2020

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Compensation for lost income due to care of child who need special care	\$upr_bcrsvcc	672.49	666.04	662.71	678.61	Average benefit amount; Source: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Statistics (http://www.mdds.gov.si/si/uvcljavlanje_pravic/statistika/druz_prejemki_zavarovanje_sv/); no data for 2019-2020, but due to unchanged amount of benefit in 2019 the same value is assumed and benefit amount growth (2.4%) is assumed for 2020
Compensation for disabled workers	\$upr_bdirw	3261.22	3353.08	3425.23	3425.61	Average benefit amount; Source: Pension and Disability Insurance Institute of Slovenia, Annual Reports (http://www.zpiz.si/cms/?id=2&inf=69), for 2020 the increase in the number of recipients is taken into account
Disability supplement for disabled	\$upr_bdixp	41.46	41.46	42.58	42.58	The lowest benefit amount; Source: Pension and Disability Insurance Institute of Slovenia, Monthly Statistical Report, June each year (http://www.zpiz.si/cms/?id=2&inf=70)
Attendance supplement	\$upr_bdica	418.88	418.88	430.19	430.19	Benefit amount for the highest level of disability; Source: Pension and Disability Insurance Institute of Slovenia, Monthly Statistical Report, June each year (http://www.zpiz.si/cms/?id=2&inf=70)
Keep constant	\$upr_const	1	1	1	1	Keep constant
yempv	\$upr_yempv	141.93	145.71	150.60	157.08	Factor based on average wage lagged by 1-year
yivwg	\$upr_yivwg	1584.66	1626.95	1681.55	1753.84	Factor based on average wage lagged by 1-year (yivwg01 in 2009=2009)

Sources: Eurostat: <http://ec.europa.eu/eurostat/data/database>; employment income: SI-STAT/Average monthly wages ([SI-STAT Data Portal http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=0701011E&ti=&path=../Database/Demographics/07_labour_force/10_earnings_costs/01_07010_earnings/&lang=1](http://pxweb.stat.si/pxweb/Dialog/varval.asp?ma=0701011E&ti=&path=../Database/Demographics/07_labour_force/10_earnings_costs/01_07010_earnings/&lang=1)) and IMAD, COVID-19 scenario, https://www.umar.gov.si/fileadmin/user_upload/napovedi/vmesna/marec_2020/A_PN2020_Covid19_p.pdf; indices of income types (self-employment work, contractual work, student work, income from capital, rent): Basic Statistical data on PIT Ministry of Finance (internal documentation); self-employment income, investment income, income from student work, income from contractual work for 2020: The Bank of Slovenia, The analysis of the effects of Covid-19 on Slovenian economy (<https://bankaslovenije.blob.core.windows.net/publication-files/analiza-vpliv-koronavirusa-na-slovensko-gospodarstvoarc-slo.pdf>); indices of family benefits: Ministry of Labour, Family, Social Affairs and Equal Opportunities, Statistics (http://www.mdds.gov.si/si/uvcljavlanje_pravic/statistika/druz_prejemki_zavarovanje_sv/); <https://www.gov.si/drzavni-organi/ministrstva/ministrstvo-za-delo-druzino-socialne-zadeve-in-enake-moznosti/>); indices of unemployment benefits: Employment service of Slovenia, Annual reports (http://www.ess.gov.si/trg_dela/publicistika/letna_porocila) and Monthly reports (http://www.ess.gov.si/trg_dela/publicistika/mesecne_informacije); indices of pensions and disability benefits: Pension and Invalidation Insurance Institute of Slovenia, Annual reports (<https://www.zpiz.si/cms/content2019/2letna-poroila019>) and Monthly reports (<https://www.zpiz.si/cms/content2019/-meseclistatisticnipregled-koledar-objav>)

ANNEX 2: VALIDATION TABLES

Table A1 Number of employed and unemployed

	EUROMOD	External				Ratio			
	2017	2017	2018	2019	2020	2017	2018	2019	2020
Number of employed	861.4	819	831.5	848	n.a.	1.05	1.04	1.02	n.a.
Number of unemployed	112.8	67	53	46	n.a.	1.68	2.13	2.45	n.a.

Notes: Number of employed and unemployed computed based on months in employment/unemployment in EUROMOD. Numbers computed as averages of monthly data over the year.

External sources: SI-STAT, data portal of Statistical Office of the Republic of Slovenia (https://pxweb.stat.si/SiStatDb/pxweb/en/10_Dem_soc/10_Dem_soc__07_trg_dela__02_07008_akt_preb_po_anketi__02_07621_akt_preb_ADS_letno/?tablelist=true)

Table A2 Market income in EUROMOD - Number of recipients (in thousands)

	EUROMOD	External				Ratio			
	2017	2017	2018	2019	2020	2017	2018	2019	2020
Taxable employment income	866	820	n.a.	n.a.	n.a.	1.06	n.a.	n.a.	n.a.
Self-employment income	237	181	n.a.	n.a.	n.a.	1.31	n.a.	n.a.	n.a.
Income from contractual work	122	114	n.a.	n.a.	n.a.	1.07	n.a.	n.a.	n.a.
Income from student work	107	99	n.a.	n.a.	n.a.	1.08	n.a.	n.a.	n.a.
Investment income	351	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Private pensions	29	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rent income	134	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Notes: As ratios are calculated with precise figures, there might be some differences due to rounding.

Sources for earnings: Basic Statistical data on PIT for year 2017; Ministry of Finance.

Table A3 Market income in EUROMOD - Annual amounts (in mil.)

	EUROMOD				External				Ratio			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Av. employment income	1,436	1,484	1,548	1,557	1,627	1,682	1,627	1,659	0.88	0.88	0.95	0.94
Taxable employment income	14,910	15,411	16,073	16,170	14,289	n.a.	n.a.	n.a.	1.04	n.a.	n.a.	n.a.
Self-employment income	1,061	1,097	1,144	1,022	528	n.a.	n.a.	n.a.	2.01	n.a.	n.a.	n.a.
Income from contractual work	212	220	229	204	214	n.a.	n.a.	n.a.	0.99	n.a.	n.a.	n.a.
Income from student work	278	287	300	268	252	n.a.	n.a.	n.a.	1.11	n.a.	n.a.	n.a.
Investment income	251	329	343	306	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Private pensions	27	28	28	29	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rent income	203	210	219	221	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Notes: As ratios are calculated with precise figures, there might be some differences due to rounding.

Sources for earnings: Basic Statistical data on PIT for year 2017; Ministry of Finance.

Table A4 Tax benefit instruments included but not simulated in EUROMOD - Number of recipients/ payers (in thousands)

	EUROMOD	External				Ratio			
	2017	2017	2018	2019	2020	2017	2018	2019	2020
Pensions									
Basic old-age pension	406	440	445	451	457	0.92	0.91	0.90	0.89
Basic disability pension	63	82	80	78	77	0.77	0.79	0.81	0.82
Basic survivor pension	53	91	89	88	87	0.59	0.60	0.61	0.62
Other benefits									
Attendance supplement	21	32	33	35	35	0.65	0.63	0.60	0.60
Disability supplement	46	46	44	42	41	1.00	1.05	1.10	1.14
Scholarship	77	55	53	n.a.	n.a.	1.41	1.44	n.a.	n.a.
Unemployment wage compensation	66	22	20	19	n.a.	3.09	3.33	3.44	n.a.
Wage compensation for disabled workers	48	44	44	45	45	1.09	1.09	1.08	1.08
Childcare supplement	4	7	7	8	n.a.	0.57	0.54	0.51	n.a.
Compensation for lost income due to care of child who need special care	1	1	1	1	n.a.	1.48	1.45	1.38	n.a.
Housing benefit	14	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: for scholarship: The Ministry of Labour, Family and Social Affairs, Statistics, Scholarships (<https://www.gov.si/teme/drzavna-stipendija/>); for childcare supplement and compensation for lost income due to care of child who needs special care: The Ministry of Labour, Family and Social Affairs, Statistics, Family allowances (<https://www.gov.si/teme/pravice-za-otroke-ki-potrebujejo-posebno-nego/>); for unemployment benefits: Employment service of Slovenia, Annual reports 2017-2019 (http://www.ess.gov.si/trg_dela/publicistika/letna_porocila) and Monthly data 2020 (http://www.ess.gov.si/trg_dela/publicistika/mesecne_informacije); for wage compensation for disabled workers, attendance supplement, disability supplement and pensions: Pension and Invalidity Insurance Institute of Slovenia, Annual reports 2017-2019 (<https://www.zpiz.si/cms/content2019/2letna-poroila019>) and Monthly data 2020 (<https://www.zpiz.si/cms/content2019/-mesecnistatisticnipregled-koledar-objav>).

Table A5 Tax benefit instruments included but not simulated in EUROMOD - Annual amounts (in mil.)

	EUROMOD				External				Ratio			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Pensions												
Basic old-age pension	3,821	3,993	4,101	4,296	3,335	3,484	3,646	3,768	1.15	1.15	1.13	1.14
Basic disability pension	422	441	453	474	476	480	482	493	0.89	0.92	0.94	0.96
Basic survivor pension	343	359	368	386	478	484	491	446	0.72	0.74	0.75	0.86
Other benefits												
Attendance supplement	44	44	45	45	83	86	90	91	0.53	0.52	0.50	0.50
Disability supplement	46	46	47	47	29	27	27	26	1.60	1.68	1.76	1.82
Scholarship	108	106	106	108	83	80	n.a.	n.a.	1.30	1.32	n.a.	n.a.
Unemployment wage compensation	160	161	162	167	184	173	165	n.a.	0.87	0.93	0.98	n.a.
Wage compensation for disabled workers	139	143	146	146	144	148	153	163	0.96	0.97	0.95	0.89
Childcare supplement	7	7	7	8	10	10	11	n.a.	0.75	0.71	0.67	n.a.
Compensation for lost income due to care of a child who needs special care	9	8	8	9	6	6	6	n.a.	1.40	1.37	1.30	n.a.
Housing benefit	13	13	14	14	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: for scholarship: The Ministry of Labour, Family and Social Affairs, Statistics, Scholarships (<https://www.gov.si/teme/drzavna-stipendija/>); for childcare supplement and compensation for lost income due to care of child who needs special care: The Ministry of Labour, Family and Social Affairs, Statistics, Family allowances (<https://www.gov.si/teme/pravice-za-otroke-ki-potrebujajo-posebno-nego/>); for unemployment benefits: Employment service of Slovenia, Annual reports 2017-2019 (http://www.ess.gov.si/trg_dela/publicistika/letna_porocila) and Monthly data 2020 (http://www.ess.gov.si/trg_dela/publicistika/mesecne_informacije); for wage compensation for disabled workers, attendance supplement, disability supplement and pensions: Pension and Invalidity Insurance Institute of Slovenia, Annual reports 2017-2019 (<https://www.zpiz.si/cms/content2019/2letna-poroila019>) and Monthly data 2020 (<https://www.zpiz.si/cms/content2019/-mesecnistatisticnipregled-koledar-objav>).

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Table A6 Tax benefit instruments simulated in EUROMOD - Number of recipients/ payers (in thousands)

	EUROMOD				SILC	Ratio	External				Ratio			
	2017	2018	2019	2020	2017	2017	2017	2018	2019	2020	2017	2018	2019	2020
Benefits														
Birth grant	12	17	17	17	20	0.64	16	21	18	n.a.	0.80	0.80	0.92	n.a.
Large family allowance	27	27	32	32	27	1.00	27	27	31	n.a.	1.01	1.00	1.04	n.a.
Child benefit (means tested)	290	361	359	359	271	1.07	253	294	313	n.a.	1.15	1.23	1.15	n.a.
Parental payment	30	30	30	30	31	0.95	20	21	21	n.a.	1.48	1.42	1.43	n.a.
Parental allowance	4	4	4	4	8	0.45	3	3	3	n.a.	1.09	1.24	1.48	n.a.
Paternal payment	29	29	29	29	27	1.08	18	n.a.	n.a.	n.a.	1.59	n.a.	n.a.	n.a.
Social assistance	64	60	56	57	100	0.64	58	58	63	n.a.	1.11	1.03	0.89	n.a.
Income support	8	27	26	26	16	0.49	15	17	19	n.a.	0.51	1.53	1.39	n.a.
Social contributions up to full working time for parents (part time work)	14	14	14	14	20	0.78	14	14	14	n.a.	0.96	0.96	0.95	n.a.
Social contributions up to full working time for parents (not working)	2	2	2	2	1	1.76	1	1	1	n.a.	1.24	1.33	1.42	n.a.
<i>Unemployment wage compensation</i>	57	57	57	57	66	0.86	22	20	19	n.a.	2.66	2.87	2.97	n.a.
<i>Housing benefit</i>	58	57	70	70	14	4.18	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Taxes and Social Insurance contributions														
Personal income tax	1,542	1,542	1,542	1,542	n.a.	n.a.	1,538	n.a.	n.a.	n.a.	1.00	n.a.	n.a.	n.a.
Tax on investment income	351	351	351	351	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Employee contributions	872	873	873	873	872	1.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Self-employed contributions	80	80	80	80	80	1.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Employer contributions	914	914	914	914	914	1.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other contributions	175	175	175	175	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Notes: The number of PIT taxpayers in EUROMOD is calculated to coincide with external statistics: a) Other contributions include credited social contributions up to full working time for parents and for parents who exit labour market, and employee part of social contributions paid on benefits (unemployment wage

compensation, contributory parental payments), b) in 2017 the number of PIT taxpayer refer the number of persons with any kind of taxable income.

Unemployment wage compensation and *housing benefit* are set to TOGGLE and not simulated in the baseline scenario by default, but they can be turned on and simulated by users.

Sources: for family benefits: The Ministry of Labour, Family and Social Affairs, Statistics, Family allowances (<https://www.gov.si/teme/pravice-ob-rojstvu-otroka/>; <https://www.gov.si/teme/pravice-velikih-druzin/>; <https://www.gov.si/teme/otroski-dodatek/>); for social assistance and income support: The Ministry of Labour, Family and Social Affairs, Statistics, (<https://www.gov.si/teme/denarna-socialna-pomoc/>); for unemployment benefits: Employment service of Slovenia, Annual reports 2017-2019 (http://www.ess.gov.si/trg_dela/publicistika/letna_porocila) and Monthly data 2020 (http://www.ess.gov.si/trg_dela/publicistika/mesecne_informacije); for taxes: Basic Statistical data on PIT for year 2017; Ministry of Finance (internal documentation);

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Table A7 Tax benefit instruments simulated in EUROMOD -Annual amounts (Mil.)

	EUROMOD				SILC (uprated)				Ratio				External				Ratio			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Benefits																				
Birth grant	4	5	5	5	6	6	6	6	0.61	0.83	0.82	0.82	4	6	5	n.a.	0.81	0.81	0.92	n.a.
Large family allowance	11	11	13	13	11	12	12	12	1.00	0.94	1.10	1.10	10	11	12	n.a.	1.09	1.01	1.05	n.a.
Child benefit (means tested)	241	253	245	256	244	220	209	214	0.99	1.15	1.17	1.20	235	246	249	n.a.	1.03	1.03	0.98	n.a.
Parental payment	198	200	244	246	209	211	242	243	0.95	0.95	1.01	1.01	232	243	278	n.a.	0.86	0.82	0.88	n.a.
Parental allowance	11	11	11	12	11	11	11	11	1.06	1.06	1.06	1.06	10	9	8	n.a.	1.13	1.28	1.51	n.a.
Paternal payment	21	21	24	24	17	18	19	19	1.20	1.20	1.28	1.28	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Social assistance	176	284	278	300	228	260	309	309	0.77	1.10	0.90	0.97	199	227	293	n.a.	0.89	1.25	0.95	n.a.
Income support	10	38	39	41	23	27	32	32	0.44	1.43	1.22	1.29	28	33	39	n.a.	0.38	1.17	0.99	n.a.
Social contributions up to full working time for parents (part time work)	15	15	16	17	12	12	12	13	1.21	1.24	1.28	1.33	18	18	19	n.a.	0.82	0.83	0.83	n.a.
Social contributions up to full working time for parents (not working)	4	5	5	5	1	1	1	2	3.09	3.17	3.28	3.41	4	3	3	n.a.	1.26	1.36	1.45	n.a.
<i>Unemployment wage compensation</i>	143	144	151	154	160	161	162	167	0.89	0.90	0.94	0.92	184	173	165	n.a.	0.78	0.83	0.92	n.a.
<i>Housing benefit</i>	65	65	82	82	13	13	14	14	4.96	4.82	6.03	5.88	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Taxes and Social Insurance contributions																				
Personal income tax	1,871	1,983	2,156	2,018									1,938	2,452	2,601	n.a.	0.97	0.81	0.83	n.a.
Tax on investment income	63	82	86	84									168	223	273	n.a.	0.37	0.37	0.31	n.a.
Employee contributions	3,315	3,429	3,570	3,588									3,225	3,471	3,730	n.a.	1.03	0.99	0.96	n.a.
Self-employed contributions	384	396	413	414									329	348	364	n.a.	1.17	1.14	1.14	n.a.
Employer contributions	2,499	2,583	2,694	2,708									2,387	2,578	2,766	n.a.	1.05	1.00	0.97	n.a.
Other contributions	133	136	148	150									151	153	162	n.a.	0.88	0.89	0.91	n.a.

Unemployment wage compensation and *housing benefit* are set to TOGGLE and not simulated in the baseline scenario by default, but they can be turned on and simulated by users.

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Sources: for family benefits: The Ministry of Labour, Family and Social Affairs, Statistics, Family allowances (<https://www.gov.si/teme/pravice-ob-rojstvu-otroka/>; <https://www.gov.si/teme/pravice-velikih-druzin/>; <https://www.gov.si/teme/otroski-dodatek/>); for social assistance and income support: The Ministry of Labour, Family and Social Affairs, Statistics, (<https://www.gov.si/teme/denarna-socialna-pomoc/>); for unemployment benefits: Employment service of Slovenia, Annual reports 2017-2019 (http://www.ess.gov.si/trg_dela/publicistika/letna_porocila) and Monthly data 2020 (http://www.ess.gov.si/trg_dela/publicistika/mesecne_informacije); for taxes: Basic Statistical data on PIT for year 2017; Ministry of Finance (internal documentation); for social contributions: Ministry of Finance, Consolidated General government 1992-2020 (<https://www.gov.si/teme/fiskalna-in-javnofinancna-politika/>)

Table A8 Distribution of equivalised disposable income

	EUROMOD (I)				External (II)			Ratio (I/II)	
	2017	2018	2019	2020	2017	2018	2019	2017/2018	2018/2019
D1	4.18	4.58	4.52	4.53	4.00	4.10	4	1.02	1.12
D2	5.77	5.89	5.86	5.86	5.80	5.80	5.90	0.99	1.00
D3	6.97	6.93	6.91	6.91	7.00	7.10	7.00	0.98	0.99
D4	7.93	7.87	7.86	7.88	8.00	8.00	7.90	0.99	1.00
D5	8.88	8.81	8.80	8.75	8.90	8.90	8.80	1.00	1.00
D6	9.82	9.71	9.72	9.70	9.80	9.80	9.70	1.00	1.00
D7	10.79	10.73	10.74	10.72	10.80	10.80	10.70	1.00	1.00
D8	12.08	11.97	11.99	12.00	12.20	12.00	11.90	1.01	1.01
D9	13.93	13.88	13.92	13.93	14.00	13.90	13.80	1.00	1.01
D10	19.64	19.65	19.69	19.72	19.60	19.60	20.20	1.00	0.97
Median	12,824	13,245	13,706	13,843	12,713	13,244	14,067	0.97	0.94
Mean	13,715	14,290	14,774	14,969	13,585	14,127	15,236	0.97	0.94
Gini	23.60	23.08	23.25	23.27	23.70	23.40	23.90	1.01	0.97
S80/S20	3.38	3.20	3.24	3.24	3.400	3.38	3.39	1.00	0.94

Notes: Computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions.

Sources: Eurostat (2020): Statistics Database, https://ec.europa.eu/eurostat/data/database?node_code=ilc_di01.

* Eurostat EU-SILC based estimates refer to the data collection period, while EUROMOD estimates refer to income reference period. In order to validate EUROMOD results, Eurostat statistics are lagged by one year to correspond to the EUROMOD estimates.

Table A9 Poverty rates by gender and age

	EUROMOD (I)				External (II)			Ratio (I/II)	
	2017	2018	2019	2020	2017	2018	2019	2017/2018	2018/2019
40% median HDI									
Total	2.25	1.17	1.23	1.19	3.30	3.00	2.70	0.75	0.43
Males	2.38	1.19	1.28	1.24	3.40	3.40	2.90	0.70	0.41
Females	2.12	1.14	1.18	1.14	3.20	2.60	2.50	0.82	0.46
50% median HDI									
Total	7.16	4.18	4.51	4.41	7.60	6.90	6.30	1.04	0.66
Males	7.23	4.10	4.43	4.47	7.00	6.80	6.00	1.06	0.68
Females	7.09	4.25	4.60	4.34	8.10	7.10	6.70	1.00	0.63
60% median HDI									
Total	13.53	11.86	12.49	12.24	13.30	13.30	12.00	1.02	0.99
Males	13.04	11.25	11.89	11.79	12.00	12.60	10.90	1.04	1.03
Females	14.01	12.45	13.07	12.68	14.50	14.00	13.00	1.00	0.96
70% median HDI									
Total	20.97	20.64	20.80	20.73	20.80	20.70	19.40	1.01	1.06
Males	19.98	19.75	19.83	19.85	19.20	19.20	18.10	1.04	1.09
Females	21.94	21.52	21.75	21.60	22.50	22.10	20.70	0.99	1.04
60% median HDI									
0-15 years	11.94	8.96	10.19	9.73	12.80	11.70	10.50	1.02	0.85
16-24 years	10.96	9.17	9.80	10.42	12.50	12.80	9.90	0.86	0.93
25-49 years	11.73	9.93	10.54	10.76	11.40	10.80	9.20	1.09	1.08
50-64 years	15.43	14.45	14.76	14.41	14.60	14.60	12.60	1.06	1.15
65+ years	17.56	16.57	17.07	15.79	16.40	18.30	18.60	0.96	0.89

Notes: Computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions.

Sources: Eurostat (2019): Statistics Database, https://ec.europa.eu/eurostat/web/products-datasets/product?code=ilc_li02&lang=en.

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* Eurostat EU-SILC based estimates refer to the data collection period, while EUROMOD estimates refer to income reference period. In order to validate EUROMOD results, Eurostat statistics are lagged by one year to correspond to the EUROMOD estimates.

Table A10 Minimum wage validation

	Baseline				Min Wage Incl.				Ratio			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Total amount in mil. EURO:												
Disposable income	18,282	19,070	19,706	19,995	18,408	19,193	19,837	20,148	0.9931	0.9936	0.9934	0.9924
Taxable employment income	14,910	15,411	16,073	16,170	15,134	15,649	16,326	16,459	0.9852	0.9848	0.9845	0.9824
Non-taxable employment income	1,042	1,077	1,123	1,130	1,042	1,077	1,123	1,130	1.0000	1.0000	1.0000	1.0000
Personal income tax	1,871	1,983	2,156	2,018	1,904	2,019	2,196	2,061	0.9824	0.9819	0.9819	0.9791
Employee contributions	3,429	3,544	3,697	3,716	3,479	3,597	3,753	3,780	0.9858	0.9854	0.9851	0.9831
Social assistance	176.20	284.37	278.08	299.96	166.31	267.52	258.78	279.33	1.0594	1.0630	1.0746	1.0739
Gini (Eq HDI)	23.60	23.08	23.25	23.27	23.50	23.04	23.22	23.22	1.0042	1.0017	1.0013	1.0020
At poverty risk (60% median HDI)	13.53	11.86	12.49	12.24	13.63	12.11	12.69	12.59	0.9925	0.9789	0.9839	0.9721

Table A11 Covid-19 measures simulated in EUROMOD - Number of recipients/payers (in thousands) and aggregate amount in Mil.

	EUROMOD		External – estimates	
	Number of recipients (in thousands)	Annual amounts (Mil.)	Number of recipients (in thousands)	Annual amounts (Mil.)
Covid-19 related benefits				
Benefit paid by the firm while in compensation scheme	1	11.01	n.a.	n.a.
Benefit paid by the state while in compensation scheme	188	522.76	115 in March, 175 in April	475–600
Employee and employer credited social security contributions for covid-19 wage compensation paid by the state	188	199.68	119 in March, 181 in April and 151 in May	279–300
Crisis allowance for employees who work during Covid-19 paid by the firm	303	151.34	n.a.	n.a.
Employer and employee credited pension and disability ssc for employees who work during Covid-19	303	252.2	491 in March, 455 in April and 477 in May	432
Covid-19 universal income for self-employed	30	52.71	(self-employed may still apply)	103–105
Credited social security contributions for self-employed with universal income due to covid-19	30	34.27	(self-employed may still apply)	35–60
Covid-19 lump sum allowance for vulnerable groups	571	95.63	625	96

Sources: Fiscal Council (2020): The updated assessment of the actual fiscal impact of the adopted one-off anti-crisis measures.

http://www.fs-rs.si/wp-content/uploads/2020/07/State_of_measures_5-7-2020.xlsx

Table A12 Covid-10 measures validation, Annual amounts (Mil.)

	Baseline	Covid-19 measures	Ratio
	2020	2020	2020
Disposable income	19,995	20,262	0.9869
Taxable employment income	16,170	15,576	1.0381
Non-taxable employment income	1,130	1,130	1.0000
Personal income tax	2,018	2,004	1.0071
Employee contributions	3,716	3,587	1.0359
Social assistance	299.96	272.19	1.1020
Gini (Eq HDI)	23.27	22.89	1.0164
At poverty risk (60% median HDI)	12.24	12.03	1.0175

ANNEX 3: POLICY EFFECTS IN 2019–2020

Table 1 and Figure 1 show the effects of policy changes in 2019-2020 (baseline model, no Covid-19-related measures) on mean equivalised household disposable income by income component and income decile group in Slovenia. Disposable income for the total population increases by 1.59% and while the effects of tax/benefits changes are moderate, they are however quite heterogeneous along the distribution of disposable income. In fact, all deciles experience an increase in disposable income which is highest at the two ends of the income distribution with the lowest decile benefitting from a 2.02% increase and the highest decile the next highest beneficiary in percentage terms (1.83%).

All deciles experienced a small increase in disposable income due to non means-tested benefits and a similar sized decrease attributable to self-employed social insurance contributions. Means-tested benefits have a varying influence on disposable income across deciles, showing the highest impact in the lowest two deciles where disposable income is increased by 0.44% and 0.38%. Other deciles benefit by a smaller percentage rise, disappearing to zero for the highest decile. The positive impact of means-tested and non means-tested benefits on the disposable income is driven by a very low CPI compared to the increase of benefits' level. The effect of employee's social insurance contributions and other social insurance contributions on disposable income growth are negligible across all income deciles.

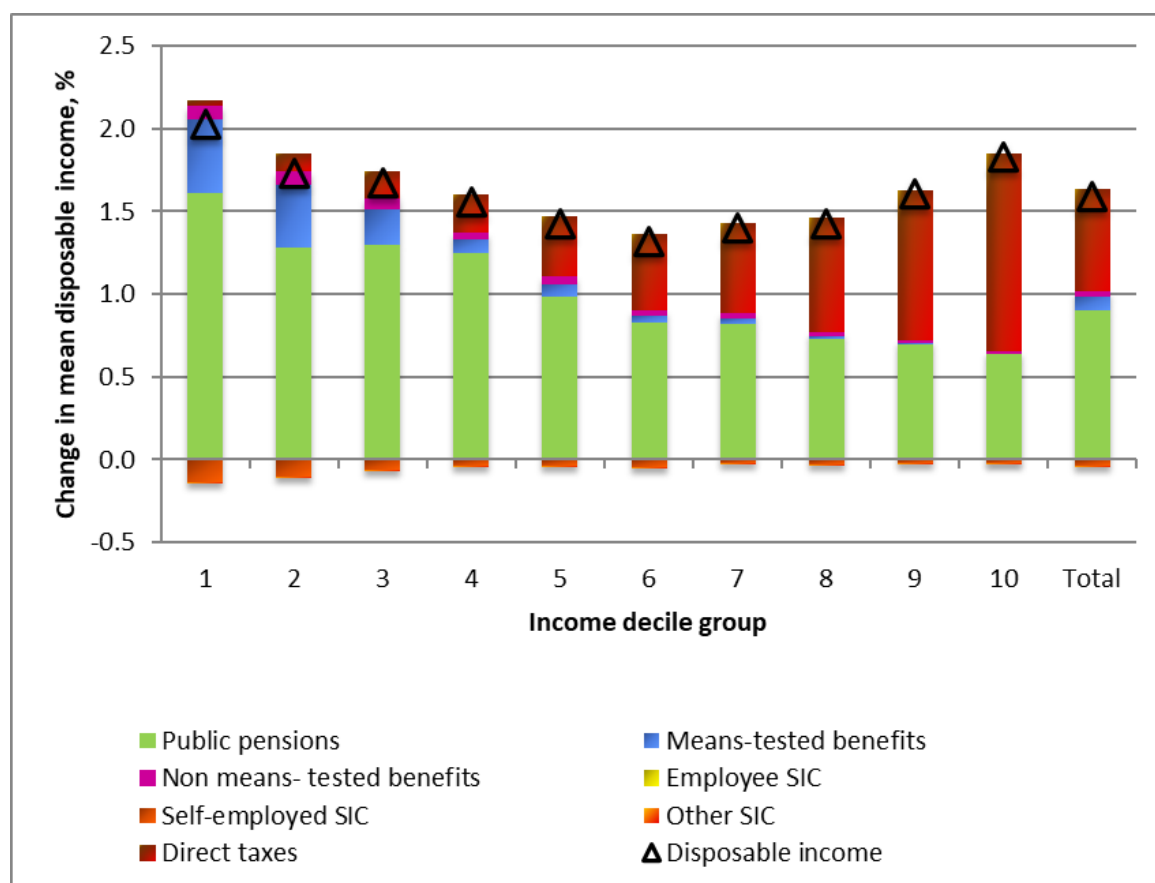
Public pensions drive the highest increase in disposable income for all deciles between 2019 and 2020, with an annual growth of 0.90% for the total population and with higher growth experienced by the poorest deciles. These results can be explained mostly by indexation, which make public pensions increase in real terms, especially for the lowest deciles, where the share of pensions in disposable income is larger.

Finally, the lower amount of direct taxes collected, mainly personal income taxes, is a factor contributing to disposable income across all income deciles. In total, the disposable income is higher by 0.62% for the total population due to lower taxes collected. This effect is regressive due to decreased tax rates for the second and third income tax brackets in 2020.

Table 1. Policy effects in 2019–2020, using CPI-indexation, % (alfa = 1.0049)

Decile	Original income	Public pensions	Means-tested benefits	Non means-tested benefits	Employee SIC	Self-employed SIC	Other SIC	Direct taxes	Disposable income
1	0.00	1.61	0.44	0.08	0.00	-0.13	-0.01	0.04	2.02
2	0.00	1.28	0.38	0.09	0.00	-0.10	-0.01	0.10	1.73
3	0.00	1.30	0.21	0.07	0.00	-0.06	-0.01	0.16	1.67
4	0.00	1.24	0.08	0.04	0.00	-0.04	0.00	0.23	1.56
5	0.00	0.99	0.07	0.05	0.00	-0.04	-0.01	0.36	1.42
6	0.00	0.83	0.04	0.03	0.00	-0.04	0.00	0.46	1.32
7	0.00	0.82	0.04	0.03	0.00	-0.02	0.00	0.54	1.40
8	0.00	0.73	0.01	0.03	0.00	-0.03	0.00	0.69	1.43
9	0.00	0.69	0.01	0.02	0.00	-0.02	0.00	0.91	1.60
10	0.00	0.64	0.00	0.01	0.00	-0.02	0.00	1.19	1.83
Total	0.00	0.90	0.08	0.04	0.00	-0.04	0.00	0.62	1.59

Figure 1. Policy effects in 2019–2020, using CPI-indexation, % (alfa = 1.0049)



ANNEX 4: POLICY EFFECTS IN 2019–2020 WITH COVID-19 MEASURES

Table 2 and Figure 2 show the effects of policy changes in 2019-2020 on mean equivalised household disposable income by income component and income decile group in Slovenia *if the policy for Covid-19 measures is switched on*. Disposable income for the total population increases by 2.46%, which is more than the 1.59% increase if Covid-19 measures are turned off. The lowest deciles experience the highest increase in disposable income but the increases are fairly uniform across the distribution, showing a mildly progressive effect.

The original income decreases by 2.27% on average as wage is replaced by wage compensation due to Covid-19. The drop in original income is evident across all deciles.

Almost all deciles experienced a decrease in disposable income due to means-tested benefits and other social insurance contributions. The total decrease in disposable income due to means-tested is 0.12%, with the highest decrease (1.25% and 1.09%) in the poorest two deciles. The decrease in disposable income due to other social insurance contributions varies between 0.19% and 0.92% and it is lower by 0.61% on average across the whole population. The effect of employee's social insurance contributions and self-employed social insurance contributions on disposable income growth is positive, resulting in increase in total disposable income by 0.67% and 0.14%, respectively. This is expected as credited social security contributions were one of the Covid-19 measures.

Non-means tested benefits, which include Covid-19 measures, have the highest influence on the increase of disposable income for all deciles, with the total growth of 3.05%. The first five deciles experienced slightly higher growth as some benefits were targeted to the vulnerable groups. Public pensions contribute positively to the disposable income as well as the disposable income is higher by 0.90% due to public pension growth. The highest growth in pensions is experienced by the lowest deciles. These results can be explained mostly by indexation, which make public pensions increase in real terms, especially for the lowest deciles, where the share of pensions in disposable income is larger.

Finally, the lower amount of direct taxes collected, mainly personal income taxes, is also a factor contributing to growth in disposable income across all income deciles. In total, the disposable income is higher by 0.69% for the total population. This particular effect is regressive due to decreased tax rates for the second and third income tax brackets in 2020.

Table 2. Policy effects in 2019–2020, using CPI-indexation, % (alfa = 1.0049)

Decile	Original income	Public pensions	Means-tested benefits	Non means-tested benefits	Employee SIC	Self-employed SIC	Other SIC	Direct taxes	Disposable income
1	-1.74	1.61	-1.25	3.72	0.54	0.49	-0.58	0.05	2.84
2	-2.85	1.28	-1.09	4.86	0.84	0.39	-0.88	0.12	2.67
3	-2.39	1.30	-0.06	3.89	0.79	0.22	-0.76	0.20	3.19
4	-3.23	1.24	0.02	4.38	0.97	0.10	-0.91	0.29	2.87
5	-3.26	0.99	0.01	4.43	1.00	0.13	-0.92	0.44	2.81
6	-2.74	0.83	0.01	3.67	0.83	0.20	-0.74	0.52	2.58
7	-3.01	0.82	0.03	3.67	0.88	0.06	-0.78	0.66	2.33
8	-2.70	0.73	0.01	3.10	0.78	0.06	-0.65	0.81	2.14
9	-1.60	0.69	0.01	1.98	0.47	0.12	-0.40	0.97	2.24
10	-0.91	0.64	-0.01	1.01	0.25	0.08	-0.19	1.25	2.12
Total	-2.27	0.90	-0.12	3.05	0.67	0.14	-0.61	0.69	2.46

Figure 2. Policy effects in 2019–2020, using CPI-indexation, % (alfa = 1.0049)

