

## **Slovenia plans to introduce a cap on social security contributions under the Intervention Development Act**

On 11 May 2026, the Slovenian National Assembly adopted the Act on Intervention Measures for the Development of Slovenia (*Zakon o interventnih ukrepih za razvoj Slovenije*; ZIURS), an omnibus legislative instrument amending ten existing statutes. Among its reform measures, ZIURS will introduce a maximum contribution base for the payment of social security contributions, referred to as the “development cap” (*razvojna kapica*). The cap is set at a gross monthly salary of EUR 7,500 – approximately three times the average gross salary – and is scheduled to apply from 1 July 2026.

### **Legislative background**

The idea of introducing a contribution ceiling is not new in Slovenia. Since 2010, proposals for a cap on social security contributions have surfaced in various tax and pension reform initiatives, initially framed as a “social cap” (*socialna kapica*). Earlier versions were not adopted, primarily due to concerns over fiscal sustainability – particularly the projected impact on pension system revenues – and opposition from social partners, including trade unions. Over time, the proposal was reframed as a “development cap”, shifting the emphasis from social policy toward economic competitiveness and the reduction of labour costs for high-skilled employment.

### **Policy rationale: competitiveness**

Slovenia has long faced challenges in attracting and retaining highly qualified talent, partly due to a comparatively high tax rate on labour. According to the OECD Taxing Wages 2026 report, taxes and social security contributions account for 48.3% of total labour costs for employees earning 167% of the

average wage – one of the highest rates among OECD members.

Proponents therefore present the development cap as a targeted measure to reduce the marginal cost of employing highly skilled workers, thereby improving Slovenia’s attractiveness as a location for knowledge-intensive industries.

### **Expected impact and criticism**

The development cap is expected to affect fewer than 1% of employees – an estimated 15,000 contributors – primarily high-income earners such as executives, specialists and highly qualified professionals in technology and innovation sectors. Supporters of the measure, including the Chamber of Commerce and Industry of Slovenia (GZS), argue that capping contributions will reduce labour costs for employers competing for internationally mobile talent, support the retention of skilled professionals, and bring Slovenia into line with comparable European jurisdictions.

Critics, including trade unions, contend that the measure disproportionately benefits top earners and could reduce public revenues by approximately EUR 140 million annually – a figure that raises concerns about the long-term financial sustainability of the pension and healthcare systems.

### **Broader reform**

The development cap is one element of the broader ZIURS reform package. As an omnibus intervention act, ZIURS is a single piece of legislation that amends ten existing statutes and introduces measures across several policy domains, including tax law, social contributions, pension insurance, long-term care, employment relationships, VAT, healthcare services, and the hospitality sector.



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Other notable provisions of ZIURS include reduced VAT rates for selected energy products and certain basic food items, a more favourable tax treatment of rental income, as well as measures facilitating supplementary private activities by healthcare professionals employed in the public sector. ZIURS also introduces incentives for post-retirement employment and limits employer liability towards the health insurance system in certain cases.

The path ahead for ZIURS remains uncertain. A proposal for a legislative referendum has been submitted, and a separate motion challenging the admissibility of that referendum has been filed. At an extraordinary session, the Slovenian National Assembly adopted a resolution declaring a legislative referendum on ZIURS inadmissible. Trade unions have announced that they will seek constitutional review of the resolution before the Constitutional Court. The outcome of these proceedings will determine whether ZIURS, including the development cap, enters into force.

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