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TAX IMPLICATIONS FOR STUDENT FREELANCERS WORKING ABROAD: A COMPARATIVE ANALYSIS OF SLOVENIA, AUSTRIA AND CROATIA

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Abstract

This study examines the tax obligations and compliance challenges faced by Slovenian students working abroad, specifically focusing on freelancers and employed students within the distinct regulatory frameworks of Croatia and Austria. An empirical survey of 298 students reveals moderate awareness of cross-border tax obligations, with significant gaps in understanding and utilizing tax reliefs, mainly double taxation treaties. Inferential statistical methods identify critical relationships between awareness levels and the likelihood of claiming tax relief. The study highlights the complexities of tax compliance and administrative

burdens that often deter students from engaging in freelance work abroad. The study recommends targeted measures to improve tax education for student freelancers, including the development of accessible resources and workshops. It highlights the need to enhance support systems through streamlined tax compliance processes and subsidized access to professional advice. Policy proposals emphasize simplifying cross-border tax regulations and strengthening international cooperation to address the specific challenges faced by student freelancers in Croatia and Austria. Future research directions are also suggested further to explore the impact of tax policies on cross-border freelancing.

Keywords: Student Freelancers, Cross-Border Taxation, Double Taxation Treaties, Tax Compliance, Slovenia, Austria, Croatia.

1. INTRODUCTION

The workforce landscape rapidly evolves in today's globalized economy, driven by digital technologies and global market interconnectedness. A significant trend is the rise of freelancing, especially among students. Freelancing offers flexibility, allowing students to work internationally and bypassing traditional employment structures (Fensel, 2021). Digital platforms have made it easier for students, particularly in smaller countries like Slovenia, to access global job opportunities, often offering more competitive incomes. However, this global reach presents challenges, especially regarding tax obligations (Akhmetshin et al., 2018).

Student freelancers working abroad face complex international tax obligations. Unlike traditional employees, freelancers must manage their taxes, which becomes complicated when income comes from multiple countries with different tax regimes. This issue is particularly relevant for Slovenian student freelancers, given the limited domestic market and the appeal of higher-paying jobs in Austria and Croatia (Thomson, 2019).

Key challenges include understanding foreign tax laws, complying with Slovenian tax requirements, and navigating international tax treaties to avoid double taxation. Slovenian law mandates that residents declare global income, which can lead to confusion, especially when students are unaware of tax treaties or fail to declare income accurately (Zakon o dohodnini, 2011). Double taxation risk is significant, and while Slovenia has agreements with Austria and Croatia to mitigate this, applying these treaties is complex (Thomson, 2019).

The administrative burden of tax compliance can be overwhelming, particularly for students balancing academics and freelance work. Filing returns, understanding deductions, and complying with varying requirements across jurisdictions add to this burden, exacerbated by the need for more resources and professional tax advice (Financial Administration of the Republic of Slovenia, 2024).

To support student freelancers, improved education on tax obligations, particularly in cross-border work, is essential. This paper analyzes the tax treatment

of Slovenian student freelancers working specifically in Croatia and Austria, focusing on the implications of their income on Slovenian tax. It also offers recommendations to navigate these challenges, contributing to the broader discourse on cross-border freelance taxation.

2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1. Literature Review

The freelancing economy has grown significantly, driven by technological advancements and the rise of the gig economy, leading to increased attention to the taxation of freelancers. Student freelancers face unique challenges due to their youth, inexperience in financial management, and the complexity of working across multiple jurisdictions, complicating their tax obligations.

Freelancing, characterized by contract-based work, offers flexibility and autonomy, making it appealing to students (Fensel, 2021). However, this flexibility requires managing tax obligations, which can be challenging for students new to the workforce and needing more financial literacy. Akhmetshin et al. (2018) highlight that freelancing allows students to gain work experience and income without a fixed schedule, especially in digital and creative industries. However, the irregular nature of freelance income and complex tax obligations across jurisdictions can be significant barriers.

Taxing freelancers is complex, especially with irregular income from multiple sources across borders (Thomson, 2019). For student freelancers, their dual status as students and earners may offer tax benefits or exemptions depending on the jurisdiction. Fisher (2020) emphasizes the importance of understanding the tax implications of freelance income, particularly for international work, where freelancers may owe taxes in multiple countries unless tax treaties prevent double taxation. Fensel (2021) discusses tax incentives and deductions available to freelancers, noting that awareness and the applicability of these deductions vary widely between countries, adding to the complexity for student freelancers.

Tax compliance is a significant concern, particularly for student freelancers. Jackson and Miller (2022) found that students often need more awareness of their tax obligations, leading to non-compliance and potential penalties. The complexity of tax systems and the administrative burden of managing tax compliance, especially when working in multiple countries, further complicate their situation. The authors call for better education and support to help student freelancers navigate these challenges.

International tax obligations for cross-border freelancers are increasingly crucial as remote work grows. Several studies focus on the risks of double taxation and the impact of tax treaties.

Double taxation occurs when the country of income and the freelancer's home country tax the same income. Thomson (2019) explains that double taxation treaties (DTTs) aim to prevent this by allocating taxing rights between countries. However, applying these treaties can be complex and requires careful interpretation, especially for student freelancers with limited resources. Lee and Park (2021) highlight that the effectiveness of DTTs varies by country, with some requiring detailed documentation to claim benefits, leading to uncertainty for freelancers unfamiliar with international tax law.

Tax residency determines which country can tax an individual's global income, while a permanent establishment (PE) in another country can trigger local tax obligations. Müller and Schneider (2020) explore how freelancers working abroad might inadvertently create a PE, subjecting them to foreign taxes. This is particularly relevant for student freelancers who travel frequently or work in another country for extended periods, necessitating careful tracking of their activities to avoid unexpected tax liabilities.

Navigating the complex web of international tax laws is daunting for cross-border freelancers. Fisher (2020) notes that compliance is further complicated by constantly changing tax laws, making it challenging to stay current. While technology can aid in managing these obligations, Fisher cautions that digital tools are not substitutes for professional tax advice, particularly in complex cases. Chen and Wang (2019) emphasize that student freelancers often lack awareness of their tax obligations abroad, suggesting a need for more guidance from educational institutions and government agencies.

Taxation of student freelancers abroad is underexplored, but existing studies highlight vital challenges such as understanding complex tax laws, managing double taxation, and navigating the administrative burden of tax filing.

A recurring theme is the need for more awareness among student freelancers regarding their tax obligations. Jackson and Miller (2022) stress that many students must be made aware that they must report foreign income or may be eligible for tax deductions and credits. This gap in awareness can lead to non-compliance and financial penalties. The authors argue that educational institutions should be more significant in providing information and resources to help students manage their freelance income and comply with tax laws.

The complexity and administrative burden of tax compliance are significant challenges. Fensel (2021) notes that filing tax returns and reporting foreign income can be time-consuming and confusing, especially for those new to the workforce. Müller and Schneider (2020) suggest that the perceived difficulty of international tax compliance may discourage some students from freelancing abroad. Simplifying tax processes and offering clear guidance could alleviate these burdens.

Double taxation is a substantial concern for student freelancers as it can reduce net income and make freelancing less viable. Thomson (2019) discusses the financial impact of double taxation, particularly for lower-income students, and

underscores the importance of understanding and applying DTTs to minimize this risk. While DTTs are essential for preventing double taxation, their effectiveness depends on the freelancer's ability to navigate these treaties and claim benefits, which can only be challenging with adequate resources or knowledge.

The existing literature on the taxation of student freelancers highlights several challenges, including tax compliance complexity, the risk of double taxation, and the administrative burden of managing obligations across jurisdictions. Although these issues are increasingly recognized, there remains a need for targeted research and resources to support student freelancers. By addressing these challenges, policymakers, educational institutions, and tax authorities can ensure that student freelancers benefit from the global freelancing economy without facing undue financial or administrative burdens.

2.2. Legal Framework for Student Freelancers in Slovenia

2.2.1. Definition and Characteristics of Student Freelance Work in Slovenia

Student freelance work in Slovenia represents a growing segment of the labor market, allowing students to engage in various professional activities independently, outside the constraints of traditional employment. This flexibility particularly appeals to students who can align their work schedules with academic commitments. Freelancers, including students, typically offer digital marketing, graphic design, content creation, software development, and tutoring services.

Freelance work in Slovenia is characterized by its informal nature, with students taking on temporary or project-based tasks instead of long-term employment. The labor market distinguishes freelance work from regular employment based on the autonomy of the worker and the absence of a continuous employment relationship. Freelancers are self-employed, managing their work independently, setting their rates, and negotiating directly with clients (Ministry of Finance, 2020).

While freelancing offers practical experience, income generation, and professional networking opportunities, it lacks traditional employment's job security and benefits, such as health insurance and paid leave. These factors pose challenges in understanding freelance work's legal and financial implications. Student freelancers in Slovenia must navigate a complex legal landscape, balancing their student responsibilities with self-employment requirements, including tax obligations (Zakon o dohodnini, 2011).

The Slovenian government has recognized the growing importance of freelancing among students and has implemented specific regulations to address this group's needs and challenges. However, the legal framework continues to evolve, and many student freelancers need help with compliance due to the complexities involved.

2.2.2. Overview of the Slovenian Tax System Concerning Student Freelancers

The Slovenian tax system covers various forms of income, including freelance work. Complying with tax obligations is crucial for student freelancers to avoid penalties and legal issues. The taxation of freelance income is primarily governed by the Income Tax Act (Zakon o dohodnini, 2011), which outlines the rules for reporting and paying taxes on self-employment income.

Income Tax and Social Security Contributions: Freelance income in Slovenia is categorized as self-employment income, subject to progressive personal income tax (PIT) rates ranging from 16% to 50% (Ministry of Finance, 2020). Student freelancers must report their income annually, including domestic and international freelance earnings. In addition to income tax, they are liable for social security contributions, covering health, pension, disability, and parental care insurance. These contributions, calculated based on declared income, form a significant part of the overall tax burden (Financial Administration of the Republic of Slovenia, 2024).

Tax Reliefs and Deductions: The Slovenian tax system offers several reliefs and deductions to help reduce the tax liability of student freelancers. The general personal allowance is a significant deduction, which reduces the taxable base. Students under a certain income threshold also receive a special allowance (Zakon o dohodnini, 2011). Freelancers can also deduct business-related expenses, such as equipment, travel, and office supplies, provided these expenses are directly related to income generation (Ministry of Finance, 2020). International freelancers may benefit from Slovenia's double taxation treaties, allowing them to claim tax credits for taxes paid abroad, thus avoiding double taxation (Thomson, 2019).

Special Provisions for Students: To encourage student participation in the labor market, Slovenia offers specific tax provisions, such as lower tax rates or partial exemptions for occasional or temporary work, including freelance activities (Financial Administration of the Republic of Slovenia, 2024). However, these provisions come with conditions, including income limits and maintaining student status. Exceeding these thresholds or losing student status may result in the application of total tax rates and social security contributions (Ministry of Finance, 2020).

2.2.3. Analysis of How Slovenia's Legal Framework Impacts Student Freelancers

The globalization of work and digital platforms has enabled Slovenian students to offer freelance services internationally. However, cross-border work introduces additional complexities, particularly regarding tax obligations and compliance with multiple legal frameworks.

Tax Residency and Global Income: One of the primary issues for international student freelancers is tax residency. Slovenian tax law requires residents to report and pay taxes on worldwide income, including income from

foreign freelance work (Zakon o dohodnini, 2011). Tax residency is determined by several criteria, such as the time spent in Slovenia, the location of the primary residence, and the center of vital interests (Ministry of Finance, 2020). Maintaining Slovenian tax residency while working abroad can complicate tax obligations, requiring compliance with Slovenian and foreign tax laws. Failure to report global income accurately can lead to penalties and interest charges (Thomson, 2019).

Impact of EU Regulations: As an EU member, Slovenia is subject to regulations that influence the legal framework for cross-border work. For example, EU regulations on social security coordination ensure that freelancers are only subject to one EU country's social security system, usually the country where they work (European Commission, 2023). This means student freelancers working in another EU country may be exempt from paying Slovenian social security contributions if they contribute to the host country's system. However, navigating these regulations can be challenging, particularly for students moving between countries or working in multiple EU member states simultaneously (Müller & Schneider, 2020).

Challenges of Compliance and Reporting: Student freelancers must report all income, including international earnings, and comply with various tax and social security obligations. This can be challenging for students, balancing academic responsibilities with freelance work. The complexities of international tax laws and the need to understand and apply tax treaties create a significant administrative burden. The lack of clear guidance and resources tailored for student freelancers exacerbates these challenges, often leaving students needing access to professional tax advice. This can lead to errors in tax reporting, non-compliance, and potential legal consequences (Jackson & Miller, 2022).

2.3. Taxation of Student Freelancers in Austria and Croatia

Taxation for student freelancers varies significantly across countries due to differing legal and tax frameworks. This section explores the tax systems for student freelancers in Austria and Croatia, presenting the information in a structured, comparative format. It highlights key aspects such as income tax obligations, social security contributions, and specific student regulations.

2.3.1. Legal and Tax Frameworks in Austria and Croatia

The legal and tax frameworks for student freelancers in Austria and Croatia differ significantly in their classification of taxpayers, income tax rates, social security contributions, and specific student regulations. Table 1 provides a comparative overview of these frameworks, highlighting the key distinctions that impact tax compliance and financial outcomes for student freelancers in these countries.

Table 1 Comparison of Legal and Tax Frameworks for Student Freelancers in Austria and Croatia

Aspect	Austria	Croatia
Taxpayer Categories	Employed, Freelancer (Self-Employed)	Employed, Freelancer (Self-Employed)
Income Tax Rates	Progressive: 25%–55%	Progressive: 20%–30% ¹
Social Security Contributions	Mandatory, include pension, health insurance, accident coverage	Mandatory, includes pension, health, unemployment
Specific Student Regulations	There is no distinction between part-time and full-time students; they are taxed based on income.	Full-time students are taxed more favorably than part-time students
Recent Changes	No major changes	Updated Income Tax Act (2024), Euro adopted as currency

Source: Authors' construction based on Croatian Ministry of Finance, 2023; Federal Ministry of Finance, Austria, 2022; Kuzelj, 2020; Thomson, 2019; Zakon o dohodnini, 2011.

Austria's legal framework for freelancers includes provisions for student freelancers categorized as self-employed. These individuals must independently manage their tax and social security obligations. Income from freelance work is subject to a progressive income tax, with rates ranging from 25% to 55%, depending on annual income (Federal Ministry of Finance, 2022). Freelancers must file an annual tax return declaring all income sources and pay mandatory social security contributions covering health, pension, and accident insurance, calculated based on their earnings.

Freelancers can deduct business-related expenses such as equipment, office space, and professional development to reduce their taxable income. The Small Business Regulation (Kleinunternehmerregelung) exempts freelancers with annual turnover below €30,000 from charging VAT, benefiting students with lower earnings.

In Croatia, the 'student freelancer' concept is absent. Students are categorized as employed individuals or self-employed freelancers, subject to different regulations:

- **Employed Students:** Benefit from partial income tax exemptions, reduced social security contributions, and simplified reporting requirements. For example, full-time students earning below €5,000 annually are exempt from taxation.
- **Freelancers (Self-Employed):** As of January 1, 2024, income from freelance work in Croatia is subject to personal income tax (Porez na dohodak), with rates determined by local self-government units (cities and municipalities) within limits prescribed by the Law (Narodne novine br. 114/23). This shift to localized tax rates introduces potential variability in taxation, which may affect the obligations of students and freelancers depending on their place of residence or work. The 2024 amendments to

¹ From January 1, 2024, income tax rates in Croatia are set by local self-government units (cities and municipalities) according to the limits prescribed by the Law (Narodne novine br. 114/23).

Croatia's Income Tax Act introduced significant changes, including updates to income thresholds and deductions. Croatia now uses the Euro (€), aligning with broader EU tax practices.

2.3.2. Comparison of Tax Obligations: Income Tax, Social Security Contributions, and International Tax Treaties

To better understand the tax obligations faced by student freelancers in Austria and Croatia, Table 2 provides a detailed comparative analysis. It highlights key aspects such as income tax rates, social security contributions, and the application of international tax treaties, emphasizing the unique challenges and opportunities in each country's tax framework.

Table 2 Comparative Analysis of Tax Obligations for Student Freelancers in Austria and Croatia

Aspect	Austria	Croatia
Income Tax Rates	Higher (25%–55%) with broader deductions	Lower (20%–30%) but stricter deductions
Social Security Contributions	Higher but includes extensive benefits	Lower, limited benefits
International Tax Treaties	Double taxation treaties allow tax credits	Similar provisions but more complex application

Source: Authors' construction based on Croatian Ministry of Finance, 2023; Federal Ministry of Finance, Austria, 2022; Kuzelj, 2020; Thomson, 2019; Zakon o dohodnini, 2011.

Broader deductions offset Austria's higher tax rates, allowing student freelancers to reduce taxable income significantly. Croatia's lower rates and simplified regime benefit freelancers with limited income but restrict deductible expenses.

Austria's contributions are higher, offering comprehensive social benefits, while Croatia's lower rates provide cost savings but fewer benefits.

Both countries have treaties to prevent double taxation. Austria offers a more streamlined process for claiming tax credits, while Croatia's application is less flexible.

2.3.3. Key Differences in Tax Treatment Between Slovenia, Austria, and Croatia

The tax systems in Slovenia, Austria, and Croatia exhibit notable differences in how they address the needs of student freelancers. These variations are reflected in income tax rates, social security contributions, and the application of international tax treaties, which collectively shape the financial and administrative burden on freelancers. Understanding these distinctions is crucial

for identifying best practices and potential areas for improvement in supporting student freelancers across these countries.

1. Income Tax Rates and Deductions:

- Slovenia: Progressive tax (16%–50%) with student allowances.
- Austria: Higher rates but extensive deductions.
- Croatia: Lower rates but limited deductions.

2. Social Security Contributions:

- Slovenia and Austria: Comprehensive coverage with higher contributions.
- Croatia: Lower contributions, fewer benefits.

3. Specific Regulations for Students:

- Austria: Uniform tax treatment for all students.
- Croatia: Differentiated tax treatment for part-time and full-time students.

4. International Tax Treaties:

- Austria and Croatia provide tax credits for cross-border work, making Austria's system more efficient.

Taxation of student freelancers in Austria and Croatia presents distinct opportunities and challenges. Broader deductions and benefits balance Austria's higher rates and contributions, while Croatia's simplified regime favors low-income freelancers. Understanding these differences is essential for effectively managing cross-border tax obligations for Slovenian students.

2.4. Impact of International Tax Agreements

International double taxation treaties (DTTs) are pivotal in ensuring that income earned across borders is not taxed twice. These agreements are vital for international student freelancers, as they mitigate financial burdens, simplify compliance, and encourage economic mobility. This section provides a comprehensive overview of DTTs, examines their application in Slovenia, Austria, and Croatia, and highlights their specific implications for student freelancers.

2.4.1. Introduction to Double Taxation Treaties (DTTs)

Double taxation occurs when an individual is taxed on the same income by two or more jurisdictions. DTTs are bilateral agreements designed to prevent this scenario by defining taxation rights between countries. These treaties provide tax credits, exemptions, and reduced withholding tax rates to ensure fair and equitable tax treatment for individuals and businesses engaged in cross-border activities.

DTTs are particularly significant for student freelancers as they frequently work across national borders, earning income from foreign clients or temporary employment abroad. Understanding the provisions of these agreements is essential for optimizing their tax obligations and avoiding unnecessary financial strain.

2.4.2. Application of DTTs in Slovenia, Austria, and Croatia

The implementation of DTT varies among the analyzed countries, reflecting differences in tax systems and administrative processes:

- **Slovenia:**
 - Slovenia has a comprehensive network of DTTs, including agreements with Austria and Croatia, ensuring that income earned abroad is not taxed twice. Under these treaties, Slovenian tax residents can claim tax credits for taxes paid in the host country, reducing their overall tax burden.
 - However, the process requires detailed documentation, including proof of tax payments and income declarations, which can be challenging for freelancers unfamiliar with tax procedures.
- **Austria:**
 - Austria's DTT framework is robust, with agreements covering most countries where Austrian residents may earn income. These treaties allow student freelancers to claim tax credits or exemptions, minimizing their liability for foreign-earned income.
 - Austrian tax authorities provide clear guidance on utilizing DTT provisions, but compliance requires strict adherence to record-keeping and filing deadlines.
- **Croatia:**
 - Croatia's DTT network is extensive but less streamlined in its application than Austria's. Croatian tax residents earning income abroad can claim tax credits, but the process may involve additional administrative hurdles, particularly under the updated 2024 Income Tax Act.
 - For freelancers, the lack of specific guidance tailored to students creates challenges in navigating these agreements effectively.

2.4.3. Significance of DTTs for Student Freelancers

For student freelancers, DTTs offer significant benefits but also present unique challenges:

- **Benefits:**
 - **Tax Relief:** Student freelancers can avoid double taxation by claiming tax credits or exemptions under DTTs, preserving more of their income.

- Cross-Border Mobility: DTTs facilitate international work opportunities by providing predictable tax frameworks, reducing barriers for student freelancers working abroad.
- **Challenges:**
 - The complexity of Compliance: Understanding and applying DTT provisions can be daunting, especially for individuals with limited experience in tax matters. This is compounded by the need for meticulous documentation and adherence to differing administrative requirements across countries.
 - Limited Awareness: Many student freelancers must know their eligibility for tax relief under DTTs, leading to unnecessary financial burdens.

2.4.4. Recommendations for Improving DTT Accessibility

To enhance the effectiveness of DTTs for student freelancers, the following measures are recommended:

- **Simplify Administrative Processes:** Countries should streamline the procedures for claiming tax credits and provide user-friendly digital platforms for filing.
- **Enhance Awareness Campaigns:** Tax authorities should collaborate with universities to educate student freelancers about DTT provisions and their benefits.
- **Harmonize Documentation Requirements:** Greater alignment in the documentation required by different countries would reduce administrative burdens for cross-border freelancers.

Double taxation treaties are indispensable for ensuring equitable tax treatment for student freelancers working internationally. While Slovenia, Austria, and Croatia provide robust DTT frameworks, compliance complexity and limited awareness challenges persist. These countries can better support their student freelancers by simplifying processes and enhancing education on DTT provisions, fostering greater economic participation and mobility.

3. EMPIRICAL ANALYSIS

This section presents an empirical analysis based on a survey conducted among Slovenian student freelancers working in Croatia and Austria. The focus is on their awareness of tax obligations, the use of tax reliefs, and the challenges they face. The findings highlight significant trends and issues affecting these freelancers.

3.1. Methodology of the Survey

Survey Design and Distribution: The Survey was designed to gather comprehensive data on the experiences of Slovenian student freelancers working specifically in Croatia and Austria, particularly regarding their tax obligations and the use of available tax reliefs. Although the Survey allowed responses from Slovenian student freelancers working in various countries, this research focuses exclusively on those working in Croatia and Austria. This limitation reflects the comparative analysis objectives and the distinct tax frameworks of these two countries. It consisted of 25 questions divided into four sections: demographic information, awareness of tax obligations, utilization of tax reliefs, and challenges in managing cross-border tax responsibilities. The Survey was distributed online through email, social media, university networks, and freelancer groups on platforms like LinkedIn and Facebook.

Sample and Data Collection: The target population was Slovenian student freelancers working specifically in Croatia and Austria for at least six months. Five hundred students were invited to participate, with 312 responses received (62.4% response rate). Of these, 298 were fully completed and used for analysis. The Survey was conducted over four weeks in early 2024, with data collected anonymously to encourage honest responses. To provide a comprehensive understanding of the respondent profile, the demographic characteristics of the survey participants were analyzed. These characteristics offer valuable context for interpreting the findings, particularly regarding the variations in tax awareness and compliance behaviors among different groups. Table 3 summarizes the key demographic information of the respondents, highlighting their age distribution, gender composition, education levels, and freelance experience.

Table 3 Demographic Characteristics of Survey Respondents

Demographic Factor	Description
Age (mean)	Average age: 24.3 years (SD: 3.2)
Gender	Male: 47%, Female: 53%
Education Level	Undergraduate: 40%, Graduate: 60%
Freelance Experience	Average freelance duration: 1.8 years (SD: 1.1)

Source: Authors' calculations based on the Survey.

Data Analysis: Descriptive and inferential statistical methods were used to analyze the survey data. Descriptive statistics summarized respondents' characteristics and survey responses, while inferential statistics, including chi-square tests and regression analysis, identified significant relationships and trends. The statistical software SPSS was used for the analysis, with results presented in tables, charts, and graphs.

3.2. Presentation of Survey Results

Demographic Profile: Most respondents were aged 20-25 (78%) and enrolled in undergraduate programs (61%). The most common fields of study were information technology (35%), digital marketing (22%), and graphic design (18%). Geographically, 42% worked in Austria, 28% in Croatia, and 30% in other countries such as Germany, Italy, and the UK, reflecting Slovenia's proximity to Austria and Croatia.

Awareness of Tax Obligations: In the Survey, respondents working in Croatia self-identified as freelancers, reflecting their perception of their work status rather than a legal classification within Croatian tax regulations. It is important to note that Croatian law does not define 'student freelancers' as a distinct taxpayer category. Instead, these respondents could fall underemployed or self-employed individuals (freelancers) based on their contractual arrangements. This distinction is significant, as the two groups' tax obligations and compliance processes differ substantially. The findings presented in this paper have been adjusted to account for these differences, ensuring a clear and accurate representation of the tax landscape. The survey findings reflect respondents' self-identified work status as freelancers based on their perceptions rather than formal legal definitions. Specifically, for Croatian respondents, the term 'freelancer' encompasses individuals working independently, regardless of whether they are formally classified under Croatian tax law as employed or self-employed. This distinction is essential, as it impacts their tax obligations and the interpretation of the survey results. Accordingly, the analysis of survey data should be understood in the context of how respondents perceive their status, which should not necessarily be aligned with formal legal categories in Croatia.

The Survey revealed moderate tax obligations among Slovenian student freelancers. About 64% knew they needed to declare income earned abroad in Slovenia, but only 48% understood specific tax filing requirements in Slovenia and their host country. Awareness of double taxation treaties could have been higher, with only 39% aware of such agreements. This lack of awareness was more pronounced among those working in Croatia (34%) compared to Austria (46%).

Regarding sources of information, 56% relied on online research, 23% on advice from peers, and only 18% consulted a tax professional, indicating a reliance on informal sources.

To better illustrate the respondents' awareness levels, the survey results are categorized based on their understanding of cross-border tax obligations. These categories reflect the extent of knowledge among Slovenian student freelancers, shedding light on gaps in awareness that may affect compliance. Table 4 presents the distribution of respondents across these awareness categories, providing a clearer picture of their familiarity with tax-related requirements.

Table 4 Awareness of Cross-Border Tax Obligations

Awareness Category	Percentage of Respondents
Fully aware of tax obligations	27%
Partially aware of tax obligations	45%
Unaware of tax obligations	28%

Source: Authors' calculations based on the Survey.

Utilization of Tax Reliefs: The Survey explored how respondents utilized tax reliefs, such as deductions for business expenses and tax credits for taxes paid abroad. About 52% claimed some tax relief in their Slovenian tax returns, mainly for business-related expenses like equipment (45%), travel (32%), and software subscriptions (28%). However, only 29% claimed tax credits for taxes paid abroad, with reasons for not claiming credits including a lack of understanding (48%), perceived complexity (34%), and fear of mistakes (18%).

To further illustrate these findings, the survey results on using tax reliefs are categorized into three main groups: those who fully claimed tax reliefs, those who partially claimed them, and those who did not claim any. Table 5 summarizes these categories, including the percentage of respondents in each group and the most common reasons for not utilizing tax reliefs.

Table 5 Survey Results on Utilization of Tax Reliefs

Utilization Category	Percentage of Respondents	Common Reasons for Non-Utilization
Claimed full tax relief	28%	N/A
Claimed partial reliefs	35%	Lack of understanding of eligibility
Did not claim any relief	37%	Complex administrative process, lack of awareness

Source: Authors' construction based on the Survey.

Students working in Austria were more likely to claim tax credits (38%) than those in Croatia (21%), possibly due to differences in awareness and resources.

The main challenges reported by respondents included:

1. **Complexity of Tax Laws:** 67% found host country tax laws complex, particularly those in Croatia (72%) compared to Austria (61%).
2. **Administrative Burden:** 59% reported difficulty managing tax filings across multiple countries, including gathering documentation and meeting deadlines.
3. **Lack of Guidance:** 54% felt insufficient information was available, especially for understanding cross-border tax issues.

4. Fear of Penalties: 42% were concerned about penalties for incorrect filings linked to the complexity of tax obligations.
5. Time Management: 38% struggled to balance freelancing and tax compliance with academic commitments, especially during tax filing periods.

3.3. Statistical Analysis and Interpretation of Survey Results

A chi-square test revealed a significant association between respondents' awareness of tax obligations and their utilization of tax reliefs ($\chi^2(1) = 15.23, p < 0.01$). Respondents with higher awareness levels were likelier to claim tax reliefs, demonstrating that knowledge is critical in optimizing tax compliance outcomes.

A t-test comparing students in Austria and Croatia found that Austrian-based freelancers had significantly higher awareness of tax obligations ($M = 3.8, SD = 1.2$) compared to their Croatian counterparts ($M = 3.2, SD = 1.4$), $t(296) = 4.57, p < 0.001$. Austrian-based students also claimed tax credits at a higher rate, suggesting that local tax environments and resources strongly influence compliance behaviors.

A regression analysis identified key factors influencing tax compliance. As summarized in Table 6, the complexity of tax laws ($\beta = -0.42, p < 0.01$) and lack of guidance ($\beta = -0.36, p < 0.05$) emerged as significant barriers to compliance. In contrast, awareness of double taxation treaties ($\beta = 0.29, p < 0.05$) positively influenced compliance rates. Access to professional advice showed a positive trend ($\beta = 0.15$) but was not statistically significant.

Table 6 Statistical Analysis of Factors Influencing Tax Compliance

Factor	Regression Coefficient (β)	Significance (p-value)
Complexity of tax laws	-0.42	< 0.01
Lack of guidance	-0.36	< 0.05
Awareness of double taxation treaties	0.29	< 0.05
Access to professional advice	0.15	Not Significant

Source: Authors' construction based on the Survey.

Specific challenges identified through the Survey underscore the systemic barriers student freelancers face. As shown in Table 7, the most commonly reported challenges include complex administrative procedures (57%) and a lack of understanding of tax obligations (48%). These findings highlight areas where targeted interventions could improve compliance outcomes.

Table 7 Challenges in Tax Compliance Identified by Respondents

Challenge	Percentage of Respondents
Complex administrative procedures	57%
Lack of understanding of tax obligations	48%
Difficulty navigating double taxation treaties	39%
Limited access to professional advice	34%
Fear of errors and penalties	18%

Source: Authors' construction based on the Survey

Students who consulted a tax professional were significantly more likely to comply with tax obligations and claim available tax reliefs ($\chi^2(1) = 22.87$, $p < 0.001$). This finding underscores the importance of accessible and affordable tax advisory services in enhancing compliance rates.

3.4. Interpretation and Implications

The survey results reflect Slovenian student freelancers' dual challenges in navigating complex tax systems and cross-border regulations. In Croatia, the need for more streamlined freelancer processes is evident in the lower awareness levels and reduced utilization of tax credits. Conversely, Austria's comprehensive support systems contribute to higher compliance and better outcomes for student freelancers. These findings highlight the interplay between local tax environments and individual compliance behaviors.

The findings emphasize the need for targeted tax policies that address the unique challenges of student freelancers. Simplified administrative processes, enhanced awareness programs, and accessible professional tax advice can significantly improve compliance rates and reduce financial burdens. Policymakers should prioritize harmonizing tax credit systems across borders to facilitate compliance and reduce administrative burdens for cross-border workers.

The statistical analysis and interpretation of survey results underscore the critical role of awareness, guidance, and local tax environments in shaping compliance behaviors among Slovenian student freelancers. By addressing these systemic barriers, countries can better support student freelancers, fostering their economic contributions and professional growth in a globalized economy.

4. TAX OPTIMIZATION STRATEGIES AND POLICY RECOMMENDATIONS

This section outlines concise tax optimization strategies and policy recommendations based on the survey findings, emphasizing actionable solutions to support Slovenian student freelancers working in Croatia and Austria.

4.1. Tax Optimization Strategies

1. **Enhanced Record-Keeping.** Student freelancers should maintain detailed records of income, expenses, and taxes paid abroad. This practice simplifies tax filing, ensures accurate claims for tax credits, and reduces penalties due to errors or omissions. Universities and freelancer organizations can play a key role by offering workshops or online resources focused on effective record-keeping practices.
2. **Utilization of Professional Tax Advice.** Professional tax advice is essential for navigating the complexity of cross-border tax obligations. Partnerships between universities and tax professionals could provide subsidized or free advisory services for student freelancers, helping them optimize their tax outcomes and ensure compliance.
3. **Leveraging Double Taxation Treaties (DTTs).** Greater awareness and understanding of DTT provisions can significantly reduce tax liabilities. Educational initiatives, such as multilingual guides and online tutorials, should be developed to help students understand and apply DTT benefits effectively.
4. **Strategic Tax Planning.** Timing income receipts and structuring work arrangements strategically can minimize tax burdens. For example, aligning income with favorable tax periods or adjusting residency status could optimize tax outcomes. Practical tax planning guides tailored for student freelancers could help achieve these goals.

4.2. Policy Recommendations

1. **Simplification of Tax Compliance Processes**

Governments in Slovenia, Austria, and Croatia should streamline tax filing procedures tailored to the specific needs of student freelancers. Key measures include:

- Developing user-friendly digital platforms with pre-filled forms to simplify reporting.
- Providing step-by-step guidance for cross-border income reporting, with an emphasis on reducing administrative burdens.
- Introducing dedicated help centers or virtual assistance for student freelancers.

2. Targeted Educational Resources

Collaboration between governments, educational institutions, and tax authorities can enhance awareness and understanding of tax obligations. Recommended initiatives include:

- Producing clear and accessible guides explaining tax laws, deductions, and double taxation treaty (DTT) benefits in multiple languages.
- Creating interactive tools, such as tax calculators, to help student freelancers plan their finances effectively.
- Hosting workshops and webinars in collaboration with universities to provide practical training on tax filing and claiming reliefs.

3. Country-Specific Measures for Croatia

For Employed Students:

- Simplify the process for claiming tax exemptions, especially for low-income students.
- Launch targeted awareness campaigns to educate students about their rights and responsibilities under Croatian tax laws.

For Freelancers/Self-Employed Individuals:

- Provide concise, category-specific guidelines for tax registration and compliance.
- Develop tailored educational resources to clarify Croatia's simplified tax regime, including income thresholds and applicable deductions.
- Establish a centralized online portal to address common queries related to freelancing taxes.

4. Support for Access to Professional Advice

Policymakers should ensure that student freelancers have access to professional tax advisory services by:

- Offering tax deductions or credits for advisory costs to reduce financial barriers.
- Establishing government-funded programs or partnerships with universities to provide free or subsidized tax advice specifically for students.
- Encouraging freelancer associations to connect members with certified tax professionals at discounted rates.

5. Promotion of International Tax Cooperation

Slovenia, Austria, and Croatia should strengthen collaboration to address cross-border tax compliance challenges. Recommended actions include:

- Standardizing documentation requirements for claiming tax credits under DTTs.

- Developing unified resources that explain DTT provisions clearly to student freelancers.
- Establishing joint initiatives to simplify compliance processes for individuals working across multiple jurisdictions.

These recommendations address the critical challenges faced by student freelancers, including the complexity of tax obligations, limited awareness of DTT provisions, and the administrative burdens of cross-border compliance. By implementing these targeted strategies, governments, tax authorities, and educational institutions can better support student freelancers. Such measures will enable them to navigate tax systems efficiently, comply with regulations, and thrive in the evolving global freelance economy.

5. CONCLUSION

5.1. Synthesis of Key Findings

This study explored the tax obligations and compliance challenges faced by Slovenian student freelancers working in Austria and Croatia. The findings highlight significant differences in tax frameworks, awareness levels, and the utilization of tax reliefs, with Austria providing a more supportive environment for freelancers compared to Croatia.

- **Slovenia:**
 - Strengths: Offers specific tax exemptions and deductions for student work, reducing tax burdens for lower-income individuals.
 - Weaknesses: Insufficient awareness campaigns and limited professional support make international compliance challenging.
- **Austria:**
 - Strengths: Comprehensive tax credits and robust support mechanisms encourage compliance and minimize financial burdens.
 - Weaknesses: Complex administrative processes and high social security contributions deter some freelancers.
- **Croatia:**
 - Strengths: Simplified tax systems for employed students and lower freelancer tax rates.
 - Weaknesses: The absence of a distinct "student freelancer" category creates inconsistencies, and limited awareness campaigns hinder compliance.

The findings underscore the critical role of awareness, guidance, and streamlined processes in fostering compliance. Many freelancers need help navigating complex tax systems and fully utilizing available tax reliefs, including

benefits from double taxation treaties. These gaps highlight the need for targeted interventions by policymakers and educational institutions.

5.2. Policy Implications and Recommendations

To improve tax compliance and support for student freelancers, the following policy recommendations are proposed:

1. Simplify Tax Processes:
 - Slovenia, Austria, and Croatia's governments should introduce user-friendly filing systems with pre-filled forms and clear instructions to reduce administrative burdens.
2. Enhance Education and Awareness:
 - Collaboration between educational institutions and tax authorities can provide tailored workshops, digital guides, and interactive resources for freelancers.
3. Expand Access to Professional Tax Advice:
 - Subsidized tax advisory services or partnerships with universities can help students navigate complex international tax obligations.
4. Strengthen International Cooperation:
 - Greater coordination in applying double taxation treaties and standardizing documentation requirements can reduce compliance barriers for cross-border workers.

These recommendations aim to create a more supportive ecosystem for student freelancers, balancing their economic contributions with practical compliance solutions.

5.3. Limitations

This study has several limitations that should be acknowledged:

1. Survey Sample: The data relies on self-reported survey responses, which may introduce biases, particularly from respondents who are more aware of their tax obligations.
2. Geographic Scope: The analysis focuses solely on Slovenia, Austria, and Croatia, limiting the generalizability of findings to other countries.
3. Lack of Qualitative Data: The study's quantitative focus needs to include qualitative insights that could provide a richer understanding of freelancer challenges.

5.4. Future Research Directions

Future research can build on this study by exploring the following:

1. Expanding Geographic Scope: Comparative studies involving more countries could offer broader insights into global tax frameworks for freelancers.
2. Role of Educational Institutions: Assessing the effectiveness of current university-led tax education programs can inform better practices.
3. Digital Tax Platforms: Investigating the role of digital tools in improving compliance and reducing administrative burdens for freelancers.
4. By addressing the challenges identified in this study, policymakers, tax authorities, and educational institutions can create a more inclusive and efficient tax system for student freelancers. These measures are vital for empowering students to thrive in the global freelance economy while meeting their tax obligations effectively.

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POREZNE IMPLIKACIJE ZA STUDENTE SLOBODNE DJELATNIKE KOJI RADE U INOZEMSTVU: KOMPARATIVNA ANALIZA SLOVENIJE, AUSTRIJE I HRVATSKE

Sažetak

Ova studija istražuje porezne obveze i izazove s kojima se susreću slovenski studenti u djelatnosti slobodnog zanimanja koji rade u inozemstvu, s posebnim fokusom na pravne okvire u Sloveniji, Austriji i Hrvatskoj. Empirijska anketa provedena na 298 studenata otkriva umjerenu razinu svijesti o prekograničnim poreznim obvezama, uz značajne praznine u razumijevanju i korištenju poreznim olakšicama, posebno sporazumom o izbjegavanju dvostrukog oporezivanja. Metode inferencijalne statistike identificiraju ključne odnose između razine svijesti i vjerojatnosti korištenja poreznim olakšicama. Studija ističe složenost porezne usklađenosti i administrativne terete koji često odvrćaju studente od angažmana u slobodnoj djelatnosti u inozemstvu. Preporuke uključuju ciljane mjere za poboljšanje poreznog obrazovanja, uključujući razvoj dostupnih izvora i radionica. Naglašava potrebu za jačanjem sustava podrške pojednostavnjenim postupcima ispunjavanja poreznih obveza i subvencioniranim pristupom stručnom

savjetovanju. Studija zaključuje s prijedlozima politika za pojednostavnjenje prekograničnih poreznih propisa i poticanje međunarodne suradnje, kako bi se odgovorilo na specifične izazove s kojima se suočavaju studenti slobodni djelatnici u Hrvatskoj i Austriji. Također se predlažu budući smjerovi istraživanja o utjecaju poreznih politika na prekograničnu slobodnu djelatnost.

Ključne riječi: studenti slobodni djelatnici, prekogranično oporezivanje, sporazumi o izbjegavanju dvostrukog oporezivanja, porezna usklađenost, Slovenija, Austrija, Hrvatska.

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