Croatia

Tax and Investment Facts

A Glimpse at Taxation and Investment in Croatia

2019

Porezno savjetništvo TUK d.o.o.
Croatia

Porezno savjetništvo TUK d.o.o. (Tax Advisory TUK Ltd.) provides specialist tax, corporate advisory and transactional services to resident and non-resident companies doing business in Croatia.

The firm provides services including tax advisory and compliance, business regulations from start-up to liquidation, employment, commercial dealings and re-organisations.

Services rendered by the company include the following:

- tax advisory services comprising consulting in various topics, international tax planning, tax proceedings (conducting tax inspections, preparing and submitting objections to reports on inspection, appealing resolutions, preparing lawsuit against the tax authorities), tax reviews (due diligence, tax reviews of business, reviews and preparations of tax returns at the end of tax periods),
- business advisory services, which include strategic consulting, optimising organisational structures, corporate restructuring.

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1 Ways of Doing Business / Legal Forms of Companies

Croatian legislation offers various types of legal entity for companies or private persons to conduct their business in Croatia. Individuals may perform their business as sole proprietors or establish a legal entity. Foreign entrepreneurs or business entities may also establish a branch office ("podružnica") in Croatia.

	Name in local language	Registrable in commercial register / legal entity	Minimum capital*	Minimum number of founders and shareholders
Sole proprietorship	obrt or samostalna djelatnost	no / no	no	1
Limited liability company	društvo s ograničenom odgovornošću (d.o.o.)	yes / yes	HRK 20,000 (EUR 2,667)	1
Simple limited liability company	Jednostavno društvo s ograničenom odgovornošću (j.d.o.o.)	yes / yes	HRK 10 (EUR 1.3)	1
Stock company	dioničko društvo (d.d.)	yes / yes	HRK 200,000 (EUR 26,667)	1
Cooperative	zadruga (no abbreviation)	yes / yes	no	minimum of 7 members
General partnership	javno trgovačko društvo (j.t.d.)	yes / yes	no	2
Limited partnership	komanditno društvo (k.d.)	yes / yes	no	2
Registered branch office	podružnica (no abbreviation)	yes / no	no	n / a
Permanent establishment	stalna poslovna jedinica (no abbreviation)	no / no	no	n / a

* minimum capital is calculated using middle exchange rate EUR 1 = HRK 7.5

Commonly used companies/legal entities for conducting business in Croatia are:

- Limited liability company ("društvo s ograničenom odgovornošću, d.o.o.")
- Stock company ("dioničko društvo, d.d.")
- General partnership ("javno trgovačko društvo, j.t.d.")
- Limited partnership ("komanditno društvo, k.d.")
- Registered branch office ("podružnica")

	Registration in Commercial Register	Registration with tax authorities	Tax treatment	Tax rates
Sole proprietorship	no	yes	Tax liability of sole proprietor	24%-36% or flat-rate tax*
Limited liability company	yes	yes	Corporate income tax liability	12% or 18%
Simple limited liability company	yes	yes	Corporate income tax liability	12% or 18%
Stock company	yes	yes	Corporate income tax liability	12% or 18%
Cooperative	yes	yes	Corporate income tax liability	12% or 18%
General partnership	yes	yes	Corporate income tax liability	12% or 18%
Limited partnership	yes	yes	Corporate income tax liability	12% or 18%
Registered branch office	yes	yes	Corporate income tax liability	12% or 18%
Permanent establishment	no	yes	Corporate income tax liability	12% or 18%

* sole proprietorship can choose to pay CIT instead of PIT

2 Corporate Taxation

Corporations are subject to corporate income tax (CIT) in Croatia. A CIT payer is any company or other legal entity and individual resident in Croatia. Permanent establishments of foreign entrepreneurs (non-resident CIT payer) also pay CIT.

2.1 Tax Rates

A CIT rate of 12% is applicable for taxpayers with annual revenue up to HRK 3 million (EUR 400,000), and 18% for taxpayers with annual revenue over HRK 3 million. If a company suffers a tax loss, no CIT is payable.

If the company distributes profit to shareholders who are individuals, this distribution is subject to final tax at a rate of 12% along with municipal tax for individual shareholders (each municipality prescribes their own rate of municipal tax, but the highest is defined for the city of Zagreb, at a rate of 18%). The above applies if the shareholder is a resident individual. As a result, the final tax burden amounts to 24.461% if the company has annual revenue up to HRK 3 million and is subject to CIT at 12%, while the final tax burden amounts to 29.611% for companies with annual revenues above HRK 3 million which are subject to CIT at 18% (these rates apply for resident individuals residing in the city of Zagreb).

If the company distributes profit to a shareholder who is also a CIT payer, no withholding tax is levied. For distributions to non-resident companies or individuals, double tax agreements generally provide for reduced rates of withholding tax (in most cases, the reduced rates of 5% and 10% respectively are applied, depending on the percentage of the shareholding). The double tax agreement can also prescribe exemption from withholding tax on dividends and profit shares.

2.2 Resident Companies

Corporations which have their residence or seat in Croatia are considered Croatian tax residents and are therefore subject to unlimited taxation in Croatia, i.e. they are liable to pay CIT on income realised worldwide.

2.2.1 Computation of Taxable Income

The corporate income tax base is defined as the profit stated in the accounting records and adjusted according to Croatian corporate income tax legislation. Accounting records should be in line with Croatian financial reporting standards or IFRS (depending on the size of the taxpayer).

To be tax deductible, expenses must be related to the business activity of the taxpayer and should be substantiated with supporting documentation (e.g. invoices, contracts, specification of goods/services received). Also, the taxpayer should benefit as a result of the transactions.

2.2.2 Taxation of Dividends

Dividends and profit shares are generally subject to 12% withholding tax. In many cases, special rules apply.

When dividends or profit shares are paid to a domestic CIT payer, there is no withholding tax, regardless of any minimum holding period or capital ownership percentage. When dividends are paid to a resident individual, withholding tax at the rate of 12% is paid, as well as municipal tax.

Dividends paid to non-resident corporations or individuals are subject to withholding tax, unless a double tax treaty or the EC Parent-Subsidiary Directive is applied.

Dividends earned from participating in foreign or domestic corporations are exempt from CIT.

2.2.3 Capital Gains and Losses (including Capital Gains and Losses from Sales of Shares)

Disposals of financial assets of the CIT payer are taxed as regular income at a rate of 12% or 18%. Losses from sales of shares are tax deductible.

2.2.4 Depreciation / Capital Allowances

In line with the CIT Act, allowable deductions for the depreciation of fixed assets are determined according to the useful life of the assets, and calculated by applying the straight-line method.

Companies can apply the following annual depreciation rates for the assets stated below:

- Buildings and ships over 1000 GRT – 5%
- Basic herd and personal cars – 20%
- Intangible assets, equipment, vehicles (except personal cars) and machinery – 25%
- Computers, computer hardware and software, mobile telephones and computer network accessories – 50%
- Other non-mentioned assets – 10%

For tax purposes, the taxpayer may decide to double the annual depreciation rates prescribed above. Tax deductible depreciation cannot be higher than the depreciation applied by the taxpayer for accounting purposes.

2.2.5 Loss Carry Over (including Potential Loss of Tax Loss Carry Forward in case of Restructuring)

Tax losses can be carried forward for a period of 5 years.

During mergers, acquisitions or demergers, losses can be transferred to legal successors.

Legal successors shall lose their right to offset tax losses if:

- the legal predecessors were not engaged in a business activity during two tax periods prior to the change of status, or
- they significantly changed the business activity of the legal predecessor during two tax periods prior to the change of status.

These rules also apply if the taxpayer's ownership structure changes by more than 50% compared to the ownership structure at the beginning of the tax period.

2.2.6 Group Taxation

Corporations are taxed separately and independently from other entities. Subsidiaries of non-residents are subject to CIT in Croatia if prescribed by double tax treaty provisions.

2.2.7 Relief from Double Taxation (Tax Credit / Tax Exemption)

The double tax treaties that Croatia has concluded with other countries provide for two methods of eliminating double taxation: the credit method or the exemption method.

Under the credit method, the amount of tax paid in another state can be deducted from the tax liability in the resident country.

Under the exemption method, income taxed in another state is not taken into account when calculating the tax liability in the resident country.

2.2.8 Incentives

The law on investment incentives provides for incentives for planned investments in projects, covering:

- manufacturing sector activities,
- technology centres,
- strategic business support services.

The reduced tax rate depends on the size of the investment and the number of newly employed people.

2.3 Non-Resident Companies

Non-resident companies are companies that do not have their legal seat in Croatia.

2.3.1 Concept of Permanent Establishment / Doing Business

A permanent establishment (a domestic business unit) of a non-resident entrepreneur is the permanent place of business through which the non-resident carries out, wholly or partly, a business activity in Croatia. Permanent establishments of a non-resident entrepreneur include, in particular:

- place of management,
- branch,
- office,
- factory,
- workshop,
- mine, oil or gas well, stone quarry or any other place of natural resource exploitation,
- building site, or a construction or an assembly project, which constitute permanent establishments only if they last longer than 6 months.

However, permanent establishments shall not be the place of business of non-resident entrepreneurs who, in Croatia:

- use facilities only for the purpose of storage, disassembly or delivery of goods or merchandise,

- hold inventories of goods or merchandise only for the purpose of storage, disassembly or delivery of goods or merchandise, hold inventories of goods or merchandise only for the purpose of their processing by other persons,
- maintain their place of business only for the purpose of purchasing goods or merchandise or collecting information for their own purposes,
- maintain their place of business only for their preparation or ancillary activities,
- maintain their place of business for any combination of the activities set out above, provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

2.3.2 Withholding Taxes

Payments made to foreign legal entities are subject to Croatian withholding tax at a rate of 15% if they relate to royalties, interest (with some exemptions), market research, auditors' and tax advisory services, and business advisory services. Dividends are taxed at a 12% withholding tax.

The obligation to calculate and pay withholding tax is on the Croatian company. The withholding tax rate may be reduced or eliminated by applying a double tax treaty in force with a country of residence of the service provider, or EU Directives for related companies in different EU member states. To reduce (or eliminate) the withholding tax rate, prescribed administrative procedures have to be followed. The taxation of certain types of income is described below:

- Dividends – dividends paid to a non-resident are subject to a 12% withholding tax, unless the rate is reduced or exempt under a tax treaty, or the dividends qualify for an exemption under the EU Parent-Subsidiary directive. Based on the domestic law implementing the provisions of the EU Parent-Subsidiary Directive, dividend distributions of resident companies to non-resident EU parent companies are exempt from any withholding tax if the following conditions are met:

  1. the parent company directly or indirectly owns at least 10% of the capital in the subsidiary, and
  2. the shareholding has been held for an uninterrupted period of at least 24 months.

- Interest – a 15% withholding tax is levied on interest paid to a non-resident, unless the rate is reduced or exempt under a tax treaty or the EU interest and royalties directive. Withholding tax is not due on interest paid:

  1. on commodity loans for the purchase of goods used for carrying out a taxable person's business activity,
  2. on loans granted by a non-resident bank or other financial institution,
  3. to holders of government or corporate bonds, who are non-resident legal persons.

- Royalties – a 15% withholding tax is levied on royalties paid to non-residents who are not private individuals, unless the rate is reduced or exempt under a tax treaty or the EU interest and royalties directive. As prescribed by CIT regulations, payments of interest and royalties between associated companies from the various EU Member States are not subject to withholding tax in Croatia, provided that these companies have been continuously related (at least a 25% holding) for at least 24 months, and that payments of interest and copyrights were made to the beneficiary owner of another Member State or to a permanent establishment located in another Member State of the company having its registered office in the Republic of Croatia.

- Technical service fees – a 15% withholding tax is levied on technical service fees (market research, audit, tax consulting, business consulting) paid to a non-resident unless the rate is reduced or exempt under a tax treaty.

- Other – a mandatory 20% withholding tax applies to services other than the ones listed above that are paid to entities located in countries which are considered to be tax havens or financial centres, excluding EU countries and countries that have concluded a tax treaty with Croatia (the tax authorities have issued a list of such jurisdictions).

2.3.3 Capital Gains

Capital gains of non-residents are subject to taxation in Croatia if such is determined by the provisions of a double tax treaty.

2.4 Tax Compliance

After the end of the calendar year, companies have to fill out a tax return and submit it to the tax authorities by the 30 April of the following year. However, if the fiscal year differs from the calendar year, the tax return needs to be submitted to the tax authorities no later than 4 months after the expiration of the fiscal year.

3 Double Taxation Agreements

There are 63 valid double taxation treaties which Croatia has signed with other countries, as listed in the table below:

Albania	India	Oman
Armenia	Indonesia	Poland
Austria	Iran	Portugal
Azerbaijan	Ireland	Qatar
Belarus	Israel	Romania
Belgium	Italy	Russia
Bosnia and Herzegovina	Jordan	San Marino
	Korea	Serbia
Bulgaria	Kosovo	Slovakia
Canada	Kuwait	Slovenia
Chile	Latvia	South African Republic
China	Lithuania	
Czech Republic	Luxembourg	Spain
Denmark	Macedonia	Sweden
Estonia	Malaysia	Switzerland
Finland	Malta	Syria
France	Mauritius	Turkey
Georgia	Moldova	Turkmenistan
Germany	Montenegro	Ukraine
Greece	Morocco	UAE
Hungary	Netherlands	United Kingdom
Iceland	Norway	

4 Transfer Pricing

Transfer pricing in Croatia is defined by the General Tax Act and Corporate Income Tax Act (CIT Act). OECD transfer pricing guidelines can be used when preparing transfer pricing documentation.

As prescribed by the CIT Act, fees charged between related parties need to be in line with market terms. If the agreed prices or other terms between related parties in their business relations are different from the prices or other terms that would have been agreed between non-related parties, all profit that could have been gained between non-related parties should be included in the tax base of the related parties.

Croatian legislation and OECD Guidelines prescribe methods that can be applied when determining prices between related parties. The most commonly used methods are usually:

- The comparable uncontrolled price (CUP) method
- The method of adding gross profit to costs (cost plus method)

Croatian taxpayers who perform transactions with foreign related parties are obliged to prepare transfer pricing documentation to explain the methods used for determining transfer prices between related parties. Transfer pricing documentation should be presented to the tax authorities upon request. Some of the information on related-party transactions must be filed together with the annual tax return, using the prescribed forms.

5 Anti-avoidance Measures

5.1 General Anti-avoidance Rule

General anti-avoidance measures primarily concern the substance-over-form principle of taxation. In 2012, the General Tax Act amendments introduced provisions on lifting the veil of incorporation. In 2015, Croatian tax law adopted advance tax rulings. For several years now, a special department for tax fraud at the Croatian Ministry of finance deals with tax fraud and tax avoidance.

5.2 Thin Capitalisation Rules

Thin capitalisation rules apply for inter-company interest. The CIT Act prescribes that the interest on loans provided by a foreign shareholder with a holding of 25% or more in their Croatian subsidiary is not deductible for tax purposes if the amount of the loan is more than 4 times the amount of capital (i.e. share capital plus reserves plus retained earnings) for that shareholder (i.e. 4:1 ratio). The rules apply on loans of foreign related parties as well

5.3 Controlled Foreign Company Provisions

Croatia does not have specific CFC legislation. However, the Croatian GTA has a general "substance-over-form" principle.

6 Taxation of Individuals / Social Security Contributions

Taxable persons are natural persons who earn income. If several natural persons jointly earn income, each natural person is a separate taxable person, in respect of their share in jointly acquired income.

6.1 Residency Rules

Under the Croatian GTA, an individual is deemed a Croatian tax resident provided that they have a domicile (permanent residence) or habitual residence in Croatia. It shall be considered that an individual has a domicile if they own an apartment or have one in their possession for at least 183 days in one or two calendar years. An individual has a habitual residence in the place where they stay if it may be concluded that they reside in that place more than temporarily. Possession of a place of residence in Croatia is not limited to ownership, and also includes a house or an apartment at one's disposal in Croatia.

A tax resident is also an individual who has neither a domicile nor a habitual residence in Croatia, but is employed in the civil service of the Republic of Croatia and receives a salary on that basis.

If a taxable person has permanent residence in Croatia and abroad, it shall be considered that they have permanent residence in Croatia.

Individuals who are tax residents in Croatia are generally subject to income tax for their worldwide income. Non-residents are subject to limited taxation in Croatia, i.e. they are subject to income tax only for Croatian-source income.

6.2 Income Liable for Tax

The Croatian Personal Income Tax Act (PIT Act) distinguishes between the following types of income subject to PIT:

- income from employment,
- income from self-employment,
- income from property and property rights,
- income from capital,
- income from insurance,
- other income.

Income from employment, self-employment and other income exceeding an annual threshold of HRK 12,500 (EUR 1,667) is defined as annual income, determined based on an annual tax return or a special procedure for determining annual personal income tax.

Income from property and property rights, income from capital and from insurance, as well as other income below an annual threshold of HRK 12,500 is defined as final income, not subject to tax determined based on an annual tax return or a special procedure for determining annual personal income tax.

Income from employment includes:

- wages and salaries – any remuneration in cash or in kind paid or given to the employee,
- pensions.

Income from self-employment includes:

- income from small businesses (crafts and trades),
- income from independent professional activities, and
- income from agriculture and forestry.

Income from property and property rights includes:

- income from property based on the rental or lease of movable and immovable property, and property rights,
- income from renting flats, rooms and beds to travellers and tourists and from organising campsites,
- income from alienating real estate and property rights, if alienated 2 years after procurement, or if more than 3 real estate and more than 3 property rights of the same type are alienated in a period of 5 years.

Income from capital includes:

- receipts from interest,
- receipts from the withdrawal of assets and use of services by company members,
- receipts from capital gains,
- receipts based on assignment or optional purchase of own shares,
- receipts from dividends and profit distribution.

Other income includes:

- Any receipts that are not deemed receipts from employment, self-employment, property and property rights, capital and insurance, such as:

  a) receipts arising from the work of members of meetings and supervisory boards of companies, managing board, governing councils and other corresponding bodies of other legal entities, members of commissions and committees established by these bodies, as well as judge-jurors who do not have the status of court employees,
  b) royalties paid pursuant to a special act governing copyright and related rights,
  c) receipts arising from the activities of travelling salesmen, agents, commercial travellers, referees and sports delegates, interpreters, translators, tourist industry workers, consultants, expert witnesses and similar activities,
  d) rewards to pupils and students, above the prescribed threshold, and similar.

The PIT Act also prescribes which types of receipt are not deemed as income, such as certain types of state rewards, receipts based on gifts from legal or natural persons for health care purposes, welfare benefits, receipts from participation in prize competitions or contests, etc.

6.3 Allowable Deductions

Allowable deductions depend on the type of income earned.

a) Income from employment

When calculating the tax base on income from employment, the following amounts are deducted from receipts:

- paid employee contributions for obligatory insurance (15% for pillar I pension contributions, and 5% for pillar II pension contributions).

b) Income from self-employment

When calculating the tax base on income from self-employment, the following amounts are deducted from receipts:

- any type of business expenditure incurred during the taxable period for the purposes of realising income (interest paid on credit and loans, contributions paid for compulsory insurance, expenses for salaries and compulsory contributions on salaries borne by employer, voluntary pension insurance premiums, and similar items)

c) Other income

The following amounts are deducted from receipts:

- paid contributions for obligatory insurance (7.5% for pillar I pension contributions, and 2.5% for pillar II pension contributions).
- 30% of the receipts on the basis of:
  - royalties paid under special law governing copyright and related rights,
  - professional activities of journalists, artists and athletes
  - receipts on non-residents performing artistic, entertainment, sports and literary activities, and activities in connection with press, radio, television and entertainment events.

d) Income from property and property rights

When calculating income from property and property rights, allowable deductions depend on the type of property income, and are as follows:

- when calculating income on the basis of rent or lease of movables and immovables – 30% of realised receipts from rent or lease,
- when calculating income on the basis of renting flats, rooms and beds to travellers and tourists and from organising camp-sites – expenses actually incurred, provided that the taxpayer has proper and credible documentation,
- when calculating income on the basis of alienation of property and property rights – expenses incurred in connection with the alienation.

e) Income from capital

No allowable deductions are recognised when determining income from capital.

A personal allowance is also deducted from the receipts, but only for types of income that are defined as annual income. The basis for determining personal allowances is HRK 2,500 (EUR 333), which is multiplied by a factor of 1.5 to arrive at a HRK 3,800 (EUR 507) personal allowance for any individual not supporting any family members. An individual can increase the personal allowance for supported family members, using the prescribed factors (e.g. factor of 0.7 of the basis for determining the personal allowance for a supported child).

Non-resident taxpayers are allowed to use a personal income of HRK 3,800.

6.4 Tax Rates

Annual income is taxable at progressive tax rates. A tax rate of 24% applies to monthly income below HRK 30,000 (EUR 4,000), and a tax rate of 36% applies to monthly income above HRK 30,000.

Income from property and property rights is taxed at a rate of 12% and 24%, depending on the type of income.

Income from capital is taxed at a rate of 12% or 24%, depending on the type of income.

All types of income are subject to municipal tax, calculated based on the personal income tax liability. The rates vary from 0% to 18%.

6.5 Tax Compliance

The following taxpayers must file annual personal income tax returns:

- taxpayers earning income from self-employment,
- resident taxpayers for employment income earned as ship crew members sailing on international maritime ships.

Tax returns are due on the last day of February of the following year.

The annual personal income tax return is not filed for income defined as final income, or when a special procedure for determining annual personal income tax is performed by the tax authorities (performed for annual income).

The same rules apply for non-resident taxpayers.

6.6 Social Security Contributions

a) Employment income

Social contributions with respect to employment income withheld from gross salaries (employee contribution) are as follows:

- 15% state pension fund contribution,
- 5% individual capitalised pension fund contribution.

Social contributions paid by employer as an addition to gross salary:

- 16.5% basic health insurance contribution

The maximum contribution base for employed persons in 2019 amounts to HRK 608,256 (EUR 81,101).

b) Other income

Social contributions withheld from gross income are paid at the following rates:

- 7.5% state pension fund contributions,
- 2.5% individual capitalised pension fund contribution.

The social contribution paid by the company as an addition to gross other income is the 7.5% basic health insurance contribution.

c) Self-employment

In accordance with Croatian social security regulations, self-employed people are obliged to calculate and pay social contributions themselves. Social contributions represent tax-deductible expenditure when determining the tax liability of the self-employed activity.

Self-employed people pay the following social contributions:

- pension insurance contributions at a total rate of 20% (15% + 5%),
- health insurance contributions at a rate of 16.5%,

The monthly basis for calculating social contributions is fixed, and for 2019 amounts to HRK 8,448 (EUR 1,126), resulting in a total monthly social contribution liability of approximately HRK 3,083 (EUR 411).

If the self-employed person is employed elsewhere at the same time, different rules for social contributions apply. The basis for calculating social contributions is the difference between income and expenditures, subject to an annual limit determined at the beginning of each calendar year. The limit for 2019 amounts to HRK 65,894.40 (roughly EUR 8,786).

7 Indirect Taxes

7.1 Value Added Tax / Goods and Services Tax

Taxpayers here are companies which provide annual taxable deliveries of goods and services above a threshold of HRK 300,000 (EUR 40,000).

A company may register voluntarily even if the prescribed threshold limit is not met. After entering the VAT system voluntarily, a company cannot de-register for 3 years. Companies carrying out transactions within the EU must obtain a VAT ID number.

The standard VAT rate is 25%. Apart from the standard rate, there are two reduced tax rates:

- 13% applies to accommodation or bed and breakfasts, certain newspapers, edible oils, baby food, child car seats, water supplies, concert tickets, urns and coffins, seedlings and seeds, fertilisers and pesticides and other agrochemical products, food for animals other than pet food;
- 5% applies to supplies of bread, milk, certain books, certain medicines prescribed by the Croatian Health Insurance Institute, medical equipment, cinema tickets, some newspapers, scientific periodicals.

To be able to deduct input VAT, the following requirements must be met:

- the goods have to be actually delivered, i.e. services actually performed,
- the invoice has to contain all the information prescribed by the VAT Act,
- the invoice has to be issued by another VAT payer and,
- there should be no ban in place on the deduction of input VAT.

When it comes to services, the taxpayer should be able to demonstrate that:

- the service is actually provided or the goods are actually received,
- the price charged corresponds with the type and quantity of the service received.

7.2 Transfer Taxes

7.2.1 Real Estate Transfer Tax

Real estate transfer tax (RETT) applies to transfers of real estate on which VAT was not paid. RETT is paid at a rate of 3%. The taxable person is the acquirer of the real estate. The RETT tax base is the market value of the real estate upon the transfer.

7.3 Others

Companies may be subject to forestry contributions, tourism contributions and monument fees.

8 Inheritance and Gift Tax

A taxable person is the legal entity or individual that inherits or receives as a gift (or acquires on some other basis), without any compensation, any assets on which the tax on inheritances and gifts is payable.

8.1 Taxable Base

Inheritance and gift tax is paid at a 4% rate. The taxable base is the amount of cash and market value of financial assets and movable property (movables are subject to taxation if the individual market value is more than HRK 50,000 – EUR 6,667) valid on the day the taxable base is determined, but after deducting debts and costs that relate to the asset on which the tax is paid.

Gifts are not subject to gifts and inheritance tax if they are subject to any other tax (for example VAT).

9 Wealth Tax

There is no wealth tax in Croatia.

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The euro amounts in the booklet are calculated using the exchange rate EUR 1 = HRK 7.5.

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For more information please see: wts.com

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