

CROATIA

As per 1 January 2017

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	Two tax brackets (24% up to approx. 2.350 EUR, 36% above approx. 2.350 EUR), various reliefs available to Croatian tax residents (and under certain conditions to foreign residents).
Tax period	Calendar year
Tax residency / Domicile according to domestic law	Residence (i.e. the flat or house available to the individual more than 183 days in one or two calendar years, where living in that flat or house is not necessary). Present for more than 183 days during one or two calendar years in Croatia
Tax registration	Within 8 days from the day of the beginning of business activities. If a person is considered a resident for tax purposes in Croatia, when entering or leaving the country certain forms should be submitted (TU or TI form).
Employment income definition	Any income paid in cash or in kind related to the employment (includes all allowances regarding home leave, cost of living and other).
Examples of tax exemption	Reimbursement of accommodation and travel costs for business trips, travel allowances, jubilee awards, severance payment for dismissal and retirement, reimbursement of costs of transportation to and from work, all up to amounts determined by legislation.
Specific expatriate concession	Not applicable.
Income of board members	Treated as employment income or as other income.
Tax returns	Local employment agreement – the employer is liable for the monthly tax compliance. Foreign employment agreement – individual tax compliance (tax advance payments should be made by the employee within 30 days of receipt of income). If advance payments are made on monthly basis, generally, there is no obligation of submitting Annual Tax Return.
Tax payments	At the time of payment (if withheld by the employer), within 30 days after receipt (if paid by the employee).

TAX TREATIES

Employment income / income from board members	Art 15/16 Model OECD Tax Convention.
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	EU Regulation No 883/2004 and EU regulation No. 1408 / 71.
Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Generally applicable.
Social Security Cost as % from gross salary and absolute amounts	Due by the employee: pension insurance: 20% Due by the employer (on top of gross income): health insurance: 15%, accident at work contribution: 0,50%, employment contribution: 1,7% (overall: 17,2%).

IMMIGRATION

Work permit	Croatia is currently applying principle of reciprocity for EU countries which restricted employment for Croatian citizens. Mentioned countries as well as other countries need to obtain a proper work permit to work in Croatia.
Visa	EU/EEA nationals do not need a visa to enter into Croatia although their duration of stay may be subject to restrictions. Non EU nationals may need a visa, which needs to be obtained before their arrival in Croatia and should correspond to the purpose of their visit and can be obtained in general from the Croatian diplomatic mission in their country of residency and / or nationality.
Residency permits / registration certificate	EU/EEA nationals need to apply for a registration certificate before staying for more than 90 days within the any 180 days period. Non EU national in general need to apply for a residency permit before staying more than 90 days in any consecutive six month period and after having obtained their residency permit.
Driving license	EU/EEA nationals can use foreign driving license, but can also apply to exchange it for the Croatian driving license (although it is not obligatory). Other nationals can use their local (foreign) driving Croatia. Note that there is a reciprocity provision. Prior to the expiration of one year, foreign driver's license should be replaced with a Croatian driver's license.
STOCK OPTION PLAN	There is no tax exception and it is taxed when stock options are exercised.



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