

CROATIA

As per 1 January 2016

EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	Three tax brackets (12% up to 3.520 EUR, 25% above 3.520, 40% above 21.120 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	Permanent place of living in Croatia. Temporary place of living or "centre of economic and social interests" in Croatia. Present in Croatia for more than 183 days during a tax period.
Tax registration	At arrival, 8 days period to Register of taxpayers in front of Tax Administration. There is no provisions regarding departure and informing Tax Authorities about.
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	Mandatory social security contributions (regarding Pension fund in amount of 20%), reimbursement of costs (like travel costs, meal costs, travel allowance, etc. up to amount determined by legislation), jubilee awards, severance payment for dismissal and retirement. Moreover, there are (under certain conditions) personal allowance regarding dependent family members for expatriates.
Specific expatriate concession	If a non-resident, within one and the same calendar year, becomes a resident, tax period shall cover the period in which the natural person was a Croatian resident. If one becomes a tax resident the tax period will start from the 1st of the following month from the arrival date.
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 return to be submitted by the employee within 8 days after receipt of income).
Tax payments	At the time of payment (if withheld by the employer), within 8 days after receipt (if paid by the employee)

TAX TREATIES

Employment income / income from board members	Art 15/16 Model OECD Tax Convention
--	-------------------------------------

INTERNATIONAL SOCIAL SECURITY

Cross border employments	Cross border employees are able to use as well the Croatian health insurance and health insurance in neighbour country (e.g. Slovenia, Hungary).
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.



Andrija Garofulic

Director – taxation & business advisory – Zagreb, Croatia

Send Email (<http://www.mazars.com/Users/Our-team/Andrija-Garofulic>)

Direct line: +385 1 48 64 423

Address: I. PILE 1 10000 Zagreb

[www.mazars.hr \(http://eng.mazars.hr/\)](http://eng.mazars.hr/)