

DTB

SECOND PACKAGE OF MEASURES TO ASSIST ECONOMY DURING COVID-19

MINISTRY OF FINANCE – TAX ADMINISTRATION

On 2 April 2020, the Government of the Republic of Croatia presented second package of economic measures aimed at limiting the negative impact of Covid-19 on the economy.

The measures are implemented by the Croatian Employment Service, Ministry of Finance – Tax Administration, Croatian Bank for Reconstruction and Development and Croatian Agency for SMEs, Innovations and Investments – HAMAG BICRO.

Further below we present a summary of the adopted measures implemented by the **Ministry of finance – Tax administration.**

1. EXEMPTION FROM PAYMENT OF PUBLIC CONTRIBUTIONS

- Taxpayer eligible to receive support for job retention as salary subvention is exempt from paying contributions for the amount of co-financed net salary
- In the event the support is granted for March in the amount of HRK 3,250.00, the highest amount of exemption from payment of mandatory contributions is HRK 1,482.81
- In the event the support is granted for April and May in the amount of HRK 4,000.00, the highest amount of exemption from payment of mandatory contributions is HRK 1,825.00
- Taxpayer is obligated to pay the difference in the contributions for which the taxpayer was not granted exemption when paying the salary higher than the co-financed net salary
- tax administration will establish eligibility for exemptions *ex officio*, based on the information received from the Croatian Employment Service

2. DEFERRAL OF PAYMENT OF VAT

- Granted to a taxpayer calculating VAT based on deliverables, subject to following additional conditions:
 - ✓ the taxpayer has experienced at least 20% decline in revenue in the month preceding the month when the application was made in comparison to the same month last year, or is able to demonstrate that its revenue is likely to decline by at least 20% in the three months following the period when the application was made (compared to the same period last year);
 - ✓ if the taxpayer proves that the due VAT payment results from issued invoices that have not been paid and incoming invoices that have not been paid;
 - ✓ if the taxpayer has no tax debt on the day the application was made or such debt is under HRK 200.00
- No interest will accrue for due tax obligations for which extension of payment was granted

3. EXEMPTION FROM PAYMENT OF TAX OBLIGATIONS

- Exemption possible for tax obligations becoming due from 1 April 2020 to 20 June 2020
- Taxpayers that are forbidden, impeded or significantly obstructed in performing their business activities based on decisions passed by competent authorities, and their revenue has declined by at least 50% in the above stated period as compared to the same period last year

FULL EXEMPTION:

- Taxpayers whose annual deliverables in the previous year was up to HRK 7.5 million

PARTIAL EXEMPTION:

- Taxpayers whose annual deliverables in the previous year was over HRK 7.5 million (exempt proportionally to the decline in revenue)

4. VAT IS PAID WHEN INVOICES ARE COLLECTED, NOT ISSUED

- All undertakings (regardless of annual revenue) are allowed to pay value added tax after collection of invoice, as opposed to after issuing invoice

5. NEW DEADLINE FOR SUBMISSION OF TAX RETURN, SUBMISSION OF ACCOUNTS AND OTHER FORMS

- Deadline for submission of tax return as well as other forms and annual financial statements for 2019 is postponed to 30 June 2020
- Corporate income tax due date is 31 July 2020
- No obligation to pay fee to the Financial Agency (FINA) for their publication