



NEWSLETTER 09/2019

Amendments to the Personal Income Tax Bylaw

Amendments to the Personal Income Tax Bylaw

Starting from 1 September 2019 new Amendments to the Personal Income Tax Bylaw are effective and in force. Amendments were published in official Gazette no. 80/19.

Please find below a short summary of these amendments:

- According to aforementioned amendments, Personal income tax is not payable on:
 - Allowance for hospitality, tourist and other services intended for employees' vacation in accordance with special regulations of Ministry of Tourism up to the amount of HRK 2,500 per year;
 - Reimbursement of regular childcare services cost, based on the preschool institution documentation up to the actually incurred costs;
 - Accommodation expenses for persons with an employment contract up to the actually incurred amounts, provided that accommodation services are invoiced to the employer and are not paid in cash. The employee may also conclude a rental contract with the lessor, whereby they must provide the employer with a copy of the rental contract or a copy of the invoice based on which the employer will reimburse the accommodation cost as non-taxable;
 - Lump sum amount for accommodation and meal expenses up to HRK 5,000 per year;
 - Meal expenses for persons with an employment contract of up to HRK 12,000 per year, provided that the expenses are invoiced to the employer and are not paid in cash;
- If the employer provides its own meals and/or accommodation services to employees, credible documentation must be kept.
- Please note that employee in one tax period (year) cannot receive both types of meal remuneration from one or more employers.
- In addition to the decision of the employer, as credible documentation are considered contracts and invoices that relate to the rights of workers, and are kept within the statute of limitation period.
- The non-taxable full daily allowance for domestic business trips and field work allowance has increased from HRK 170 to HRK 200, while the amount of domestic daily allowance for business trips lasting more than 8 hours and less than 12 hours increased from HRK 85 HRK to HRK 100. Increased daily allowance may be paid for business trips from 1 September 2019 onwards.
- With the amendments to the Bylaw provisions on the non-taxable income of seasonal workers for the cost of accommodation and food for seasonal workers no longer apply. New non-taxable amounts for the cost of accommodation and food have been prescribed for all workers, not just for those who have a contract with their employer for seasonal jobs.
- It should be emphasized that natural persons who carry out self-employment activities can exercise the right to new non-taxable benefits for their own benefit.

TPA d.o.o.

Ivana Lučića 2a, 10000 Zagreb, Hrvatska, Tel.: +385/1/6461 780, E-Mail: office@tpa-group.hr, www.tpa-group.com, Trgovački sud u Zagrebu, MBS: 080988662, OIB: 18197068007, temeljni kapital 20.000,00 HRK, Erste&Steiermaerkische Bank d.d., Jadranski trg 3a, 51000 Rijeka, IBAN:HR7324020061100755587