



NEWSLETTER – Proposal of tax measures related to assistance to economy and citizens

At its session held on 17 March 2020, the Government of the Republic of Croatia proposed a range of tax measures to assist the economy and its citizens effected through the COVID-19 virus. The measures still need to undergo parliamentary procedure and the most important ones are as follows:

General Tax Act

The proposed amendments of the General Tax Act introduce a method of paying the tax debt in exceptional circumstances. This opens a possibility for the Minister of Finance to prescribe by ordinance the **deferral of payment of certain public duties and their payment in installments**. According to unverified information, businesses and citizens affected by the coronavirus crisis will be allowed to defer payment of certain taxes such as **personal income tax, corporate profit tax and social contributions**. The same measure, however does **not** include **value added tax**.

It is proposed to postpone payment for a period of three months, with the possibility of extension to additional three months. Thereafter, a 24-month payment of debt in installments, will be provided interest-free.

Personal income tax

It is proposed that income obtained by **natural persons on the basis of reliefs received to ease the exceptional circumstances** as prescribed by the General Tax Act, shall not be considered as **income from self-employed activity**. The personal income tax calculations will be processed sooner and any **overpayment of personal income tax will be paid out sooner** than prescribed. The citizens will receive a refund of prepaid income tax and surtax during the month of June.

Corporate profit tax

It is proposed that income received from **reliefs aimed at easing the negative effects caused by exceptional circumstances, is excluded from the taxable base**. Furthermore, the Proposal stipulates that **the amount of relief does not affect the thresholds established for the application of the reduced tax rate, the obligation to pay corporate income tax for natural persons, the determination of the taxable base on cash principle or in a lump sum**.

Other measures:

- It is proposed to postpone or exempt the taxable persons from paying the tourist fee,
- It is proposed, with the consent of the Minister of Finance, that the payment of the monumental rent is suspended

Please note that this is unofficial information and we will subsequently notify you of any legal changes and options that you may use.

Your TPA Team.

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