

**TAXES IN CROATIA**

(As of March 2011)

| TAX                                      | TAXPAYER  | TAX BASE  | TAX RATE  | LEGAL ACT  | BELONGING OF TAX REVENUES |
|--|---|---|---|--|---------------------------|
| <b>VALUE ADDED TAX</b>                   | Legal and natural person (entrepreneur) delivering goods or performing services                                       | Sales price of all goods delivered or services performed                    | 23%, 10% and 0 %  | Value Added Tax Act:<br>NN 47/95, 106/96, 164/98, 105/99, 54/00, 73/00, 48/04, 82/04, 90/05, 76/07, 87/09 and 94/09<br>Regulation: 149/09  | State 100%                |
| <b>EXCISE TAXES</b>                      |   |   |   |  |                           |
| 1. ENERGY PRODUCTS AND ELECTRICITY       | Producer or importer of products, excise warehouse keeper, and alike  | Energy products used as motor fuel, for heating, and electricity            | <b>1. Petrol used as a motor fuel:</b><br>-leaded: HRK 3,600/1,000 l<br>-unleaded: HRK 3,100/1,000 l<br><b>2. Gas oil:</b><br>-for motor fuels: HRK 2,200/1,000 l<br>-for heating: HRK 300/1,000 l<br><b>3. Kerosene:</b><br>-for motor fuels: HRK 2,200/1,000 l<br>-for heating: HRK 1,752/1,000 l<br><b>4. LPG:</b><br>-for motor fuel: HRK 912.50/1,000 kg<br>-for heating: HRK 0.00/1,000 kg<br><b>5. Heavy fuel oil:</b> HRK 110/1,000 kg<br><b>6. Natural gas:</b> for motor fuel and heating HRK 0.00/m <sup>2</sup><br><b>7. Coal and coke:</b> HRK 2.20/GJ<br><b>8. Electricity:</b> HRK 0.00/MWh<br><b>9. Biofuels-pure:</b> HRK 0.00 | Excise Tax Act:<br>NN 83/09<br>Regulation: NN 1/10, 4/10, 102/10<br><br>Ordinance on the Application of the Excise Taxes that Applies to Blue Painted Gas Oil for the Purposes of Agriculture, Fisheries and Aquaculture (NN 1/10, 44/10, 65/10 – correction, and 78/10) | State 100%                |
| 2. TOBACCO PRODUCTS                      | Producer or importer of tobacco products, excise warehouse keeper, and alike  | Cigarettes and tobacco  | 1. cigarettes:<br>- specific: HRK 180/1,000 pieces,<br>-proportional: 33% of the retail price<br>2. tobacco: HRK 146-234/kg<br>3. cigars: HRK 1,100/1,000 pieces<br>4. cigarillos: HRK 4.40/ packet   | Excise Tax Act:<br>NN 83/09<br>Regulation: NN 1/10, 102/10   | State 100%                |
| 3. ALCOHOL AND ALCOHOLIC DRINKS          | Producer or importer of alcohol and alcohol drinks, excise warehouse keeper, and alike                                | Beer, still and sparkling wines, intermediate products, ethyl alcohol       | 1. beer: HRK 40/hl for 1% of alcohol<br>2. wine: HRK 0.00<br>3. intermediate products: HRK 500-800/hl<br>4. ethyl alcohol: HRK 5,300/hl of pure alcohol   | Excise Tax Act:<br>NN 83/09<br>Regulation: NN 1/10   | State 100%                |
| 4. COFFEE                                | Legal and natural person importing, carrying into and receiving coffee  | Kilo of net weight of coffee or coffee product                              | HRK 5 to 20/kg, depending on the blend and type of coffee   | Excise Tax Act on Coffee: NN 87/05<br>Regulation: NN 92/05 and 155/05  | State 100%                |
| 5. NON-ALCOHOLIC DRINKS                  | Producer or importer of non-alcoholic drink   | Hectoliter of non-alcoholic drink   | HRK 40.00/hl  | Excise Tax Act on Non-alcoholic Drinks: NN 136/02<br>Regulation: NN 59/94, 109/96 and 119/01   | State 100%                |
| 6. CARS, MOTORBIKES, BOATS AND AIRPLANES | a) Producer or importer (Excise tax)<br><br>b) Second-hand buyer of cars, motorbikes, boats and airplanes (Sales tax) | a) Cars, motorbikes, boats and airplanes (sales price)<br><br>b) Sale price | a) <b>1. Cars and motorbikes</b><br>tax base: HRK 0 – over 500,000: tax 13-63%, + HRK 6,500-177,500<br>Tax is increased from 50 to 100% for used cars<br><br>a) <b>2. Boats and airoplanes:</b><br>tax base: HRK 0 – over 4 mil.: tax 5-16%, + HRK 10,000-445,500<br><br>b) 5%  | Excise Tax Act on Cars, Motorbikes, Boats and Airplanes: NN 136/02, 44/03, 95/04, 94/09 and 21/10  | State 100%                |

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| <b>7. LUXURY GOODS</b>                    | Legal and natural person importing and producing luxury goods  | Sale value (without VAT) of jewelry, watches, furs, reptile leather shoes and clothes, and arms. For imported products the tariff base. | 30%  | Excise Tax Act on Luxury Goods: NN 136/02<br>Regulation: NN 112/99, 119/01, 25/09, 26/09, 27/09 and 73/09  | State 100%  |
| <b>MOBILE TELEPHONY</b>                   | Operating agent  | Revenue realized from sale of SMS, MMS and phone calls  | 6%   | Act on Charges on Services in Mobile Electronic Communication Networks: NN94/09<br>Regulation: NN97/09   | State 100%  |
| <b>TAX ON INSURANCE PREMIUMS FOR CARS</b> | Insurer  | a)Insurance premiums for auto responsibility<br>b)Premiums for comprehensive motor (automobile) insurance                               | a)15%<br>b)10%   | Tax Act on Insurance Premiums for Cars: NN 150/02<br>Regulation: NN 16/03  | State 100%  |
| <b>GAMES OF CHANCE TAX</b>                | 1. Legal and natural person organizing the games of chance<br><br>2.Natural person   | Different fees<br><br>Gains   | 23% (VAT)<br><br>- HRK 30,000-500,000; 15%<br>- over HRK 500,000; 20%  | -Act on the Games of Chance: NN 87/09  | State 100%  |
| <b>PERSONAL INCOME TAX</b>                | Natural person realizing taxable income  | Total income realized in Croatia and abroad (for foreign taxpayers income realized in Croatia) reduced for personal allowance.          | 12%, 25%, and 40%  | Income Tax Act: NN 177/04, 73/08 and 80/10<br>Regulations: NN 95/05, 96/06, 68/07, 146/08, 2/09, 9/09, 146/09 and 123/10<br>Regulation NN 48/05, 143/06 and 148/09   | Act on Financing Local and Regional Entities regulates the distribution of income tax |
| <b>CORPORATE INCOME TAX</b>               | A company or some other legal entity that carries on some activity for the sake of making a profit.                          | Profit (difference between revenues and expenditures)   | 20 %   | Profit Tax Act: NN 177/04, 90/05, 57/06, 146/08 and 80/10<br>Regulation: NN 95/05, 133/07, 156/08, 146/09 and 123/10   | State 100%  |
| <b>REAL PROPERTY TRANSACTION TAX</b>      | Buyer of the real property   | Market value of the real property   | 5%   | Real Property Transaction Tax Act: NN 69/97, 26/00, 153/02 and 22/11<br>Regulation: NN 28/01   | State 40%<br>Municipality/Town 60%  |
| <b>INHERITANCE AND GIFT TAX</b>           | Legal and natural person who have inherited property, including cash or monetary claims, or received it as a gift in Croatia | Market value of the property at the moment of tax assessment after the deduction of debts and expenses encumbering the property         | 1.cash, money claims, shares and movables if the their value is greater then HRK 50,000: 5%<br><br>2. immovables: 5% | 1. Act on Financing Local and Regional Entities: NN 117/93, 69/97, 33/00, 73/00, 127/00, 59/01, 107/01, 117/01, 150/02, 147/03 132/06 and 73/08<br>Decision of the Constitution Court NN 26/07<br>2. Real Property | 1. County 100%<br><br>2. State 40%  |

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|----------------------------|---|--|---|---|------------------------|
|                            |   |  |   | Transactions Tax Act: NN 69/97, 26/00, 153/02 and 22/01                   | Municipality/Town 60%  |
| <b>MOTOR VEHICLE TAX</b>   | Legal and natural person owner of registered passenger car or motorbike | Depending on age (up to 10 years of age for cars) and the engine power<br>1.cars<br>2.motorbikes | 1.HRK 200-1,500 per year<br>2.HRK 0-1,200 per year  | Act on Financing Local and Regional Entities                              | County 100%            |
| <b>BOAT TAX</b>            | Legal and natural person owners of boats                                | Boats depending of the length, cabin, engine power and form of power (engine or sailing boat)    | HRK 0-5,000 per year  | Act on Financing Local and Regional Entities                              | County 100%            |
| <b>SLOT-MACHINE TAX</b>    | Legal and natural person renting the slot-machine                       | Slot-machine   | HRK 100 monthly per machine   | Act on Financing Local and Regional Entities<br><br>Different regulations | County 100%            |
| <b>CONSUMPTION TAX</b>     | Legal and natural person in the catering business                       | Retail price of alcoholic and non-alcoholic beverages sold in bars and restaurants               | Up to 3 %   | Act on Financing Local and Regional Entities                              | Municipality/Town 100% |
| <b>SECOND HOME TAX</b>     | Legal and natural person owner of country cottages                      | Square meter of usable surface depending on location, age, condition of infrastructure           | From HRK 5 to 15 per m <sup>2</sup> per year  | Act on Financing Local and Regional Entities                              | Municipality/Town 100% |
| <b>TRADING NAME TAX</b>    | Legal persons and individuals liable to profit tax or income tax        | Firm or name   | Up to HRK 2,000 per year  | Act on Financing Local and Regional Entities                              | Municipality/Town 100% |
| <b>PUBLIC LAND USE TAX</b> | Natural and legal persons users of public areas                         | Size of the used public area   | Per m <sup>2</sup> decided by municipality or town  | Act on Financing Local and Regional Entities                              | Municipality/Town 100% |
| <b>LOCAL SURTAX</b>        | Income tax taxpayers  | State income tax   | 1. municipality up to 10%<br>2. town under 30,000 inhabitants up to 12%<br>3. town over 30,000 inhabitants up to 15%<br>4. Zagreb up to 30% | Act on Financing Local and Regional Entities                              | Municipality/Town 100% |

All other regulations relevant to taxation can be found on the web site of the Tax Administration: <http://www.porezna-uprava.hr/index.asp>