

Croatia

Structure and development of tax revenues

Table HR.1: Tax Revenue
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Ranking 2014	Revenue 2014 (billion euros)
A. Structure by type of tax															
Indirect taxes	19.7	19.4	18.8	18.5	18.5	18.2	18.0	17.2	18.0	17.5	18.3	19.0	18.8	2	8.1
VAT	12.3	12.2	11.9	12.0	12.0	11.9	11.8	11.2	11.6	11.3	12.3	12.7	12.5	1	5.4
Taxes and duties on imports excluding VAT	1.0	0.8	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.2	17	0.1
Taxes on products, except VAT and import duties	5.6	5.6	5.4	5.2	5.2	5.0	4.8	4.5	4.9	4.6	4.5	5.0	5.2	4	2.2
Other taxes on production	0.8	0.8	0.9	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0	20	0.4
Direct taxes	6.0	5.9	5.9	6.1	6.8	7.3	7.1	7.1	6.4	6.2	6.1	6.3	6.1	26	2.6
Personal income taxes	3.8	3.6	3.7	3.5	3.6	3.9	3.8	3.9	3.5	3.5	3.7	3.9	3.9	22	1.7
Corporate income taxes	1.8	1.9	1.8	2.3	2.8	3.1	2.9	2.6	1.9	2.3	2.0	2.0	1.8	22	0.8
Other	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.7	1.0	0.4	0.4	0.4	0.4	20	0.2
Social contributions	11.9	11.8	11.7	11.6	11.5	11.5	11.7	12.1	11.8	11.6	11.5	11.3	11.8	13	5.1
Employers'	6.2	6.2	6.3	6.2	6.1	6.2	6.3	6.5	6.3	6.2	6.0	5.7	6.2	13	2.7
Households'	5.7	5.6	5.5	5.4	5.4	5.4	5.4	5.6	5.5	5.4	5.5	5.5	5.6	10	2.4
Less: capital transfers (²)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Total	37.6	37.1	36.4	36.2	36.8	37.1	36.8	36.4	36.1	35.2	35.9	36.6	36.7	12	15.8
<i>Memo item: Total payable tax credits</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.
B. Structure by level of government															
	as % of total taxation														
Central government	58.6	58.3	57.3	57.6	57.7	57.3	56.3	54.6	56.0	55.5	56.1	56.8	55.3	18	8.7
State government (¹)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.
Local government	9.7	9.9	10.4	10.4	11.0	11.6	11.9	12.2	11.4	11.6	12.0	12.3	12.3	8	1.9
Social security funds	31.7	31.8	32.3	32.0	31.3	31.1	31.8	33.2	32.6	32.9	31.9	30.8	32.1	11	5.1
EU institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1	0.3	17	0.1
C. Structure by economic function															
	as % of GDP														
Consumption	18.9	18.6	18.0	17.8	17.8	17.4	17.1	16.4	17.2	16.6	17.6	18.1	18.0	1	7.7
Labour	14.5	14.4	14.5	14.2	14.3	14.6	14.8	15.6	15.1	14.4	14.5	14.3	14.9	17	6.4
of which on income from employment	14.4	14.3	14.4	14.1	14.2	14.5	14.7	15.4	15.0	14.4	14.4	14.2	14.8	16	6.4
Paid by employers	6.2	6.2	6.3	6.2	6.1	6.2	6.3	6.5	6.3	6.2	6.0	5.7	6.2	15	2.7
Paid by employees	8.2	8.1	8.2	7.9	8.1	8.4	8.4	9.0	8.7	8.1	8.4	8.5	8.6	14	3.7
Paid by non-employed	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	25	0.1

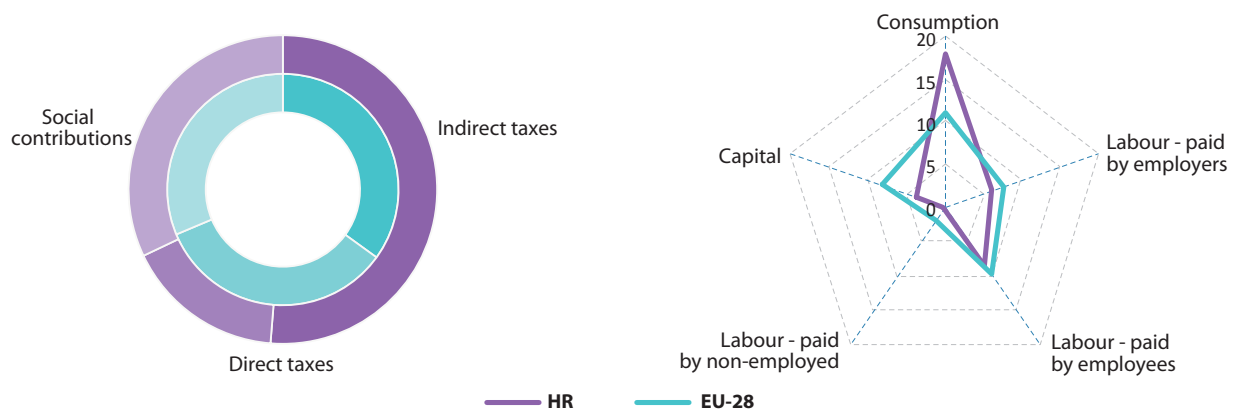
Table HR.1: Tax Revenue (continued)
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Ranking 2014	Revenue 2014 (billion euros)
Capital	4.2	4.1	3.9	4.2	4.8	5.1	4.9	4.5	3.8	4.2	3.9	4.1	3.8	26	1.6
Income of corporations	1.8	1.9	1.8	2.3	2.8	3.1	2.9	2.6	1.9	2.3	2.0	2.0	1.8	22	0.8
Income of households	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.5	16	0.2
Income of self-employed	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.4	0.3	25	0.1
Stock of capital	1.2	1.1	1.2	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	19	0.5
D. Environmental taxes	as % of GDP														
Environmental taxes	4.1	4.1	4.0	3.8	3.8	3.7	3.4	3.4	3.7	3.3	3.2	3.5	3.9	3	1.7
Energy	2.7	2.6	2.4	2.3	2.2	2.0	1.8	1.9	2.2	1.8	1.7	2.1	2.3	7	1.0
of which transport fuel taxes	:	:	:	2.2	2.1	1.9	1.7	1.8	2.1	1.8	1.7	2.0	2.1	3	
Transport	0.8	1.0	1.0	1.1	1.1	1.1	1.0	0.9	0.8	0.8	0.8	0.8	0.9	7	0.4
Pollution and resources	0.59	0.56	0.55	0.53	0.53	0.57	0.61	0.59	0.63	0.64	0.64	0.65	0.67	1	0.3
E. Property taxes	as % of GDP														
Taxes on property	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	27	0.2
Recurrent taxes on immovable property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27	0.0
Other taxes on property	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.4	0.5	0.5	17	0.2
F. Implicit tax rates	%														
Consumption	:	:	:	:	:	:	:	:	:	:	:	:	:	:	
Labour	29.4	29.1	29.9	29.4	30.1	30.7	30.9	31.2	30.9	29.9	30.0	30.0	31.0	23	

(1) This level refers to the *Länder* in Austria and Germany, the *gewesten and gemeenschappen / régions et communautés* in Belgium, and the *comunidades autónomas* in Spain.
(2) Representing taxes assessed but unlikely to be collected.

Source: DG Taxation and Customs Union, based on Eurostat data.

Figure HR.1: Tax revenues by main taxes, compared to EU-28, 2014 (in % of GDP)



Source: DG Taxation and Customs Union, based on Eurostat data.

Latest tax reforms

Table HR.2: Latest tax reforms

Description of measure	Change	Date
Personal income tax		
Tax Administration undertakes the obligation of the calculation of annual income tax (taxpayers are not obliged to submit tax returns)	N/A	In force from: 01/01/2015
Simplification of the obligation to pay income tax and sending the report on income from capital gains to the Tax Administration	N/A	In force from: 01/01/2016
Corporate income tax		
Determination of interest rate for related-party loans at 5.14%	N/A	In force from: 01/01/2016
Tobacco excises		
Increase in excise duty tax rate on manufactured tobacco	Rate increase	In force from: 18/04/2015
Property taxes		
Adjustment of the Real Estate Tax Act with VAT Act	N/A	In force from: 01/01/2015
Administrative, compliance related measures		
Publication of manual for tax affairs of non-resident taxpayers	N/A	In force from: 31/08/2015
Publication of manual on tax rulings	N/A	In force from: 01/08/2015
Agreement between Croatia and Jersey on taxes on savings	N/A	In force from: 28/08/2015
Targeted audit programs to detect non-compliance, especially underreporting	N/A	In force from: 01/01/2016
Introduction of a Compliance Risk Management System (CRMS)	N/A	Announcement: 01/01/2016
Croatia contributes to the OECD Tax Administration report	Rate increase	Announcement: 11/08/2015
Amendments in the General Tax Act	N/A	In force from: 17/03/2015

Source: DG Taxation and Customs Union.

Main features of the tax system

Table HR.3: Individual taxation (PIT)

General	
Base and jurisdiction	Resident: worldwide income (subject to double-tax relief) Non-resident: domestic income
Tax unit/ taxation of spouse	Separate taxation
System and Applicable rates	
<i>Global / Labour income scheme</i>	
Basic allowance	HRK 31 200; child allowance increasing with rank (HRK 15 600 for 1st child)
Rate schedule	Progressive, 3 rates: 12%, 25%, 40% Top rate: 40% (> HRK 158 400)
Surtaxes	
Regional and local surcharges	Max 18% surcharge, depending on municipality size
Top statutory PIT rate (including surcharges)	47.2%
<i>Owner occupied dwelling</i>	Not included
<i>Capital income</i>	
Income from renting movable property ⁽¹⁾	12% ⁽²⁾
Income from renting immovable property ⁽¹⁾	12% ⁽²⁾
Capital gains (immovable property) ⁽¹⁾	25%
Capital gains (movable property) ⁽²⁾	12%
Dividends	12%
Interests on deposits and special savings accounts	12%
Interests on corporate and government bonds	Not included
<i>Other specific features and alternative regimes</i>	
Business income	20% (gross income > HRK 3 mio) ⁽⁴⁾
Occasional activities	25%
Other tax provisions	
Main tax credits & deductions	
Professional expenses	In percentage of income or based on real expenses [self-employed] ⁽⁵⁾
Pension savings	Yes
Mortgage	No
Others (not exhaustive)	Donations
Treatment of losses (business/self-employed income)	5 year carry forward

⁽¹⁾ Income from property

⁽²⁾ Except for the tax assessment based on a flat rate and the tax on the independent activity of letting.

⁽³⁾ Capital gains from movable property are taxed at a 12% rate as of 1 January 2016.

⁽⁴⁾ The gross receipt should be higher than 3 million kuna. The Law stipulates other conditions in order to the apply 20% rate.

⁽⁵⁾ A natural person carrying out independent activities and keeping accounts shall demonstrate the actual amount of expenditure if such expenditure is directly linked to the actual income except for those expenditures laid down in the Act and determined on a certain percentage.

Table HR.4: VAT

Tax rates	
Standard	25%
Reduced rate(s)	5% and 13%

Table HR.5: Corporate Taxation (CIT)

Tax rates	
Nominal corporate income tax rate	20%
Central government surcharge	
Regional government surcharge	
Local government surcharge	
Top statutory CIT rate (including surcharges)	20%
Special tax rate for SMEs (all-in rate)	no
Tax base	
	Worldwide income
Anti-avoidance	
Limits to interest deductions	Yes (thin cap rule of 4:1 debt to equity)
Transfer pricing rules	Yes, arm's length principle
Controlled foreign company (CFC)	No
Controlled foreign company (CFC) for passive income only	No
Allowance for Corporate Equity	
	No

Table HR.6: Social contributions

Base	Employment income, income from business and self-employed activities, income from sports/entertainment, benefits in kind, income from occasional activities
Employers' contributions	
Total rate	17.2%
of which:	Healthcare 15%, Unemployment 1.7%, Illness/accident 0.5%
Capped contributions	No
Employees' contributions	
Total rate	20%
of which:	Pensions 20%
Capped contributions	Highest monthly base is HRK 48 222

Table HR.7: Wealth and transaction taxes

Inheritance and gift tax	
	yes
Real estate taxation	
Recurrent real estate tax	Yes (tax on holiday homes)
Regional differentiation	No
Tax discount for primary dwelling	-
Real estate transfer tax	Yes
Net wealth tax	
	No

Source: DG Taxation and Customs Union, on the basis of information provided by the national finance ministries. For more detail the [TEDB database](#) contains an extensive inventory of the main taxes in force in EU Member States.