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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax administration
Value Added Tax

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VAT in the European Union

**APPLICATION IN THE MEMBER STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS
INFORMATION NETWORKS ETC.**

Note

This document collates a range of basic information on the application of VAT arrangements in the Member States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

CROATIA

TABLE OF CONTENTS

GENERAL INFORMATION	3
VAT REGISTRATION OF FOREIGN TRADERS	4
THRESHOLDS	5
APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN (NON-EU) TRADERS.....	6
APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU	7
INVOICING.....	8
RULES ABOUT INVOICING.....	8
ISSUANCE OF INVOICES.....	8
CONTENT OF INVOICES.....	11
ELECTRONIC INVOICING	12
STORAGE OF INVOICES.....	12
SIMPLIFIED INVOICES	13
PERIODIC VAT RETURNS	14
RECAPITULATIVE STATEMENTS	16
ELECTRONIC RETURNS	17
OBLIGATIONS AT IMPORTATION	18
ADMINISTRATIVE REQUIREMENTS	18
RIGHT TO DEDUCTION	19
ANNEX 1: THRESHOLDS	21
ANNEX 2: VAT IDENTIFICATION NUMBERS	21
ANNEX 3: ABBREVIATIONS.....	21

GENERAL INFORMATION

1. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, EMAIL)

Foreign taxable persons may obtain information from:

Tax Administration of the Republic of Croatia – Central office
Boškovićeveva 5
ZAGREB
CROATIA
Tel: (+385) 1 4809 000
Fax: (+385) 1 4809 530

Website: <http://www.porezna-uprava.hr>

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT IS AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGE(S)?

The website address is: <http://www.porezna-uprava.hr>

The website contains VAT legislation (VAT Act and VAT Ordinance), instructions and opinions, general information, information on forms and instructions for completing tax returns and calculations of tax base.

The website also provides the following information on VAT:

- general information (taxpayers, object of taxation, taxable base, VAT rates, place of taxation, exemptions, deductions, invoices, VAT refunds, etc.);
- a large number of explanations;
- forms;
- simple guidelines and the application form to determine and assign a personal identification number (PIN) to foreign persons, in order to get a tax ID number;
- guidelines and forms for VAT refund etc.

Information is available in Croatian and in English.

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

National VAT legislation and regulations can be found on the website of the Tax Administration of the Republic of Croatia (<http://www.porezna-uprava.hr>), in Croatian, while the VAT Act is available in English.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHAT ARE THE CIRCUMSTANCES GOVERNING THE NEED TO BE REGISTERED FOR VAT?

Every person shall be obliged to report to the Tax Administration the commencement of his activities as a taxable person, that is, he shall be obliged to register in the VAT taxable person's register if the value of his supplies in the preceding calendar year exceeds HRK 230.000 (appx. € 30,500).

A taxable person performing transactions within the European Union shall be obliged to request from the Tax Administration the allocation of VAT identification number by way of submitting a stipulated form. Every taxable person shall be obliged to report to the Tax Administration every change or termination related to his business activities.

Taxable persons from European Union Member States, who supply goods and perform services on the territory of the Republic of Croatia, for which the place of taxation is in the Republic of Croatia, or whose supplies of goods exceeds Croatian supply threshold or if they opt not to apply Croatian supply threshold of HRK 270.000 (appx. € 36,000) shall be obliged to register for VAT purposes and in the VAT taxable person's register. VAT identification number will then be allocated to these taxable persons.

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR THE TAX? IN SUCH SITUATION, IS IT POSSIBLE TO REGISTER ON A VOLUNTARY BASIS?

Taxable persons that are not established in Croatia are not required to register for VAT purposes and get VAT identification number for services for which it is deemed, under general rules, that the place of taxation is the place of establishment of their activity.

Where the taxable supply of goods or services is carried out by a taxable person who is not established and is without a permanent or habitual residence in the Country, VAT shall be paid by the taxable person or the non-taxable legal person but who is registered for VAT purposes and has a VAT identification number, and to whom the goods or services are supplied. In that case supplier doesn't have the obligation to register for VAT purposes in the Country.

VAT shall be payable by every taxable person, or non-taxable legal person registered for VAT purposes to whom is rendered services, if those services are carried out by a taxable person not established and without a permanent or habitual residence in the Country. In that case supplier doesn't have the obligation to register for VAT purposes in the Country.

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO GET REGISTERED FOR VAT? (DETAILS ABOUT THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE AND FAX E-MAIL...)

Foreign trader must submit their application for VAT registration to the Tax Administration, Regional Office Zagreb, Avenija Dubrovnik 32, 10 000 Zagreb, Department for VAT refund to foreign taxable persons (Tel: (+385) 1 6501 111, (+385) 1 6501 446; Fax: (+385) 1 6501 448).

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING NECESSARY DOCUMENTS) FOR ISSUING VAT IDENTIFICATION NUMBERS, SPECIFICALLY TO FOREIGN TRADERS.

In order to obtain a VAT ID number a taxable person must submit forms:

- a) Application for the assignment of personal identification number (PIN, Croatian abbreviation is "OIB") and
- b) Application for registration for VAT purposes (P-PDV Form).

Forms are available on the Tax Administration's web site www.porezna-uprava.hr in part "Forms".

Forms must be accompanied by:

- a) A document proving person's registration (Act of the Establishment or excerpt from the court register),
- b) A certificate proving the foreign person's registration with the tax administration as a taxable person in its country of origin,
- c) The statement or other document proving intention to perform business activities in the Republic of Croatia
- d) Verified power of attorney for persons acting as representatives (if the taxable person will perform business activities via representative).

This Documentation must be in Croatian or, if not, along with the certified translation to Croatian.

Forms and documentation required in order to obtain VAT ID number can be submitted by a taxable person or his assignee. If the taxable person is represented by an assignee, than the submission of documentation indicated above must be accompanied by verified power of attorney (in Croatian or certified translation to Croatian).

THRESHOLDS

8. WHICH THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF THE VAT DIRECTIVE (2006/112/EC)?

In the event that the total value of supplies made by a supplier from another Member State in the previous or in the current calendar year exceeds **HRK 270.000 (appx. € 36,000 - the supply threshold)**, the place of supply of goods, that were dispatched or transported into the Country by or on behalf of the supplier, shall be considered the Country.

9. WHICH THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER THE SECOND SUBPARAGRAPH OF ARTICLE 3(2) OF THE VAT DIRECTIVE (2006/112/EC)?

The following shall not be subject to VAT:

- the acquisition of goods within the European Union in the Country, other than new means of transport or goods subject to excise duty, carried out by a taxable person who carries out only supplies of goods or services in respect of which VAT (input VAT) is not deductible, or by a non-taxable legal person.

This shall be applied if the following conditions are met:

- a) the total value of acquisitions of goods within the European Union, during the current calendar year, does not exceed a threshold of **HRK 77.000 (appx. € 10,000 - the acquisition threshold)** and
- b) the total value of acquisitions of goods within the European Union, during the previous calendar year, did not exceed a threshold provided for in item a).

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN (NON-EU) TRADERS

10. WHAT ARE THE SITUATIONS IN WHICH THE APPOINTMENT OF A TAX REPRESENTATIVE IS OBLIGATORY?

Where the person liable for payment of VAT is a taxable person who is not established in the Republic of Croatia nor in the European Union, but has a seat in a third country or a third territory, that taxable person shall be obliged to appoint a tax representative as a person who will be liable for payment of the VAT, unless the Republic of Croatia has not concluded agreements on mutual assistance, which in their scope resemble those stipulated by Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ L 84, 31.3.2010) and EU Council Regulation No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (OJ L 268, 12.10.2010). The taxable person referred to shall not be obliged to appoint a tax representative in case that the taxable person has opted for the special scheme for electronically supplied services.

11. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

The tax representative must be taxable person established or with a permanent address or habitual residence in the Republic of Croatia. Tax representatives may not be a subsidiary or branch office or foreign legal person.

The tax representative shall be legally liable party for the payment of VAT.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

Tax representatives fulfill obligations in connection with VAT on behalf of foreign persons (they prepare and submit VAT returns, keep records on invoices issued and received, pay VAT, etc).

Tax representatives shall be legally liable party for the payment of VAT, penalties and interest on late payments in connection with a tax debt of the foreign taxpayer. The taxpayer and tax representative are jointly and severally responsible for the calculation and payment of VAT.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER COUNTRY TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

A failure to designate a tax representative does not exempt the foreign trader from his tax obligations.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

No.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. IS IT POSSIBLE TO APPOINT A TAX REPRESENTATIVE?

Yes. Traders have the right to appoint a tax representative, but they are not obliged to do so.

16. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

The tax representative must be taxable person established or with a permanent address or habitual residence in the Republic of Croatia. Tax representatives may not be a subsidiary or branch office or foreign legal person.

The tax representative shall be legally liable party for the payment of VAT.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

Tax representatives fulfill obligations in connection with VAT on behalf of foreign persons (they prepare and submit VAT returns, keep records on invoices issued and received, pay VAT, etc).

Tax representatives shall be legally liable party for the payment of VAT, penalties and interest on late payments in connection with a tax debt of the foreign taxpayer. The taxpayer and tax representative are jointly and severally responsible for the calculation and payment of VAT.

18. ARE THERE SITUATIONS WHERE IT IS OBLIGATORY TO SET UP A BANK GUARANTEE?

No.

INVOICING

RULES ABOUT INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS, GUIDELINES...) BE FOUND?

Rules on invoicing can be found in:

- Value Added Tax Act (Official Gazette of the Republic of Croatia, No 73/13, 99/13, 148/13 and 153/13) – Chapter VIII – Section 4. Articles 78, 79, 80, 81 and 82
- Value Added Tax Ordinance (Official Gazette of the Republic of Croatia, No 79/13, 85/13 and 160/13) – Articles 157-161.

Instructions are available on the website of the Tax Administration of the Republic of Croatia (<http://www.porezna-uprava.hr>).

ISSUANCE OF INVOICES

20. WHAT ARE THE CASES WHEN AN INVOICE NEEDS TO BE ISSUED

Every taxable person shall issue an invoice in respect of the following:

1. supplies of goods or services which he has made to another taxable person or to a non-taxable legal person,
2. supplies of goods within the meaning of Article 13, paragraphs 3 and 4 of VAT Act¹.
3. supplies of goods exempt from VAT and carried out in accordance with the conditions specified in Article 41², paragraph 1 of VAT Act,

¹ Article 13:

- (3) The place of supply of goods dispatched or transported by or on behalf of the supplier from a Member State other than that in which dispatch or transport of goods ends, shall be deemed to be the place where the goods are located at the time when dispatch or transport of the goods to the customer ends, if the following conditions are met:
 - a) the supply of goods is carried out for a taxable person or a non-taxable legal person, whose acquisitions of goods within the European Union are not subject to VAT according to Article 5, paragraph 1, items a) and b) of this Act, or for any other non-taxable person,
 - b) the supply of goods shall not be considered the supply of new means of transport referred to in Article 4, paragraph 3 of this Act or the supply of goods after their assembly or installation, with or without a trial run, by or on behalf of the supplier.
- (4) Where the goods supplied are under paragraph 3 of this Article dispatched or transported from a third territory or a third country and imported by the supplier into a Member State other than that in which dispatch or transport to the customer ends, they shall be regarded as having been dispatched or transported from the Member State of importation.

² Article 41:

- (1) The following shall be exempt from VAT:
 - a) the supply of goods dispatched or transported from the Country to another Member State, by or on behalf of the vendor or the person acquiring the goods, for another taxable person, or for a non-taxable legal person acting as such in the other Member State.
 - b) the supply of new means of transport, dispatched or transported to the customer from the Country to another Member State, by or on behalf of the vendor or the customer, for taxable persons, or non-taxable legal persons, whose acquisitions of goods within the European Union are not subject to VAT or for any other non-taxable person.
 - c) the supply of goods subject to excise duty, dispatched or transported from the Country to another Member State, to the customer, by or on behalf of the vendor or the customer, for taxable persons, or non-taxable legal persons, whose acquisitions of goods within the European Union other than goods subject to excise duty, are not subject to VAT, if those products have been dispatched or transported in accordance with legislations stipulating excise duty.

4. every advance payment received before one of the supplies of goods referred to in items 1 and 2 of this paragraph was carried out and
5. every advance payment received from another taxable person or non-taxable legal person before the provision of services was completed.

A taxable person carrying out supplies in the event that the total value of supplies made by a supplier from another Member State in the previous or in the current calendar year exceeds HRK 270.000 (the supply threshold), that were dispatched or transported into the Republic of Croatia by or on behalf of the supplier, or opt for the place of such supply to be in the Republic of Croatia, shall also issue invoices.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT / DEBIT NOTES)?

Any document or message that amends and refers specifically and unambiguously to the initial invoice shall be treated as an invoice. Issuer of the invoice can amend the VAT if the recipient has not yet exercised the right to deduct input tax. In this case, the issuer is obligated to notify the recipient in writing. To the issuer of the invoice in electronic form, shall be submitted the notice of the cancellation of the invoice in electronic form in order that the issuer can amend VAT in his bookkeeping. To the issuer of the invoice in paper, must be returned the original invoice, and it must be stored in his records and he has to make the amendment of VAT in his bookkeeping.

If the taxable amount changes subsequently due to cancellation, various types of discounts or non-payment, the taxable person who supplied goods or services may correct the VAT amount if the taxable person to whom the goods or services are supplied corrects the input VAT deduction and notifies the supplier thereof in writing.

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

The invoice must be issued by the fifteenth day in the month following the month in which the taxable event occurred in respect of the supplies of goods or services carried out in accordance with the conditions required by Article 41, paragraph 1 of VAT Act or of the supplies for which the customer shall be liable to VAT pursuant to Article 196 of the Council Directive 2006/112/EC.

23. WHAT ARE THE RULES FOR SUMMARY INVOICING?

The taxable person may issue a summary invoice for several separate supplies of goods or services, on the condition that the VAT on the supplies listed in the summary invoice is calculated during the same calendar month.

d) the supply of goods, consisting in a transfer to another Member State, which would have been entitled to exemption under items (a), (b) and (c) of this paragraph, if it had been made on behalf of another taxable person.

24. WHAT ARE THE CONDITIONS IMPOSED ON SELF-BILLING?

Invoices may be drawn up by the customer in respect of the supply to him, by a taxable person, of goods or services, if there is a prior agreement between the two parties and provided that a procedure exists for the acceptance of each invoice by the taxable person supplying the goods or services.

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICES TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

No

CONTENT OF INVOICES

26. UNDER WHAT CONDITIONS MUST THE VAT NUMBER OF THE CUSTOMER BE ON THE TAX INVOICE?

A taxable person shall indicate his personal identification number on the invoice. For transactions within the European Union he shall indicate on the invoice the VAT identification number. The VAT identification number of a customer or purchaser must be stated if the customer or purchaser is liable for payment of VAT for the goods or services supplied.

27. ANY OTHER SPECIFIC RULE IN RELATION TO THE CONTENT OF THE INVOICE

A taxable person carrying out supplies of goods or services subject to exemptions shall make a reference on the invoice to the provisions of this Act stipulating the exemption or to the provisions of Article 10 of the VAT Act, or he shall refer to the corresponding provisions of the Council Directive 2006/112/EC or make a reference indicating the exemption.

Where a taxable person applies the special margin scheme referred to in Article 91 of the VAT Act, there shall be the mention on his invoice “Special margin scheme - travel agencies”.

Where the taxable person applies the special margin scheme referred to in Article 95 of this Act, there shall be the mention on his invoice “Special margin scheme - second-hand goods”, “Special margin scheme - works of art”, “Special margin scheme - collectors’ items or antiques”.

When the customer receiving a supply issues the invoice instead of the supplier, there shall be the mention on his invoice “Self-billing”.

Where the receiver of goods or services is liable for the payment of the VAT, there shall be the mention on supplier’s invoice “transfer of obligation to pay VAT“ or the English wording “reverse charge”.

If the taxable person appoints a tax representative referred to in Article 126 of this Act, the invoice shall contain the name and surname (title), address, personal identification number or VAT identification number of the tax representative.

In the case of supply of a new means of transport within the European Union performed within the meaning of Article 41, paragraph 1, items a) and b) of this Act, the invoice shall also contain the details referred to in Article 4, paragraphs 2 and 3 of this Act.

ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE-SIGNATURE-CREATION DEVICES? IF SO, PLEASE GIVE DETAILS.

Every taxable person shall determine the way to ensure the authenticity of the origin, the integrity of the content and the legibility of the invoice. The aforementioned may be achieved through the electronic data interchange (EDI), advanced electronic signature and any business control method which creates a reliable audit trail between an invoice and a supply of goods or services.

29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER OBLIGATORY? IF SO, PLEASE GIVE DETAILS ABOUT ITS CONTENT AND PROCEDURE.

No.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO THE SECOND SUBPARAGRAPH OF ARTICLE 233(1) OF THE VAT DIRECTIVE (2006/112/EC) ("BY USING ANY OTHER ELECTRONIC MEANS")? IF SO, UNDER WHICH CONDITIONS AND FORMALITIES?

Yes, invoices issued by using other electronic means will be allowed if invoices are issued by electronic means such as e-mail with PDF document attached or fax accepted in electronic format. Invoices issued on the paper, scanned, sent and received by e-mail will also be accepted if the authenticity of the origin, the integrity of the content and the legibility of an invoice is ensured. In case of electronic invoices, these invoices will be transferred directly to the customer via e-mail or safe connection, or indirectly via one or more service providers, or it has been made available and customer can approach it via web portal or in any other way.

31. ANY OTHER SPECIFIC RULE IN RELATION TO ELECTRONIC INVOICING?

No.

STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

Taxable person shall ensure that copies of the invoices issued by them or, in their name and on their behalf, by a third party, or by their customers or recipients of goods or services, and all the invoices which they have received, are stored.

Invoices may be stored in paper or electronic form.

The taxable person who stores the invoices which he issues or receives by electronic means guaranteeing online access to the data concerned, shall grant, upon a request, access, download and use of those invoices to the competent supervision authorities.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE SPECIFY.

If a taxable person who is established, has a fixed establishment, permanent address or habitual residence in the territory of the Republic of Croatia decides to store the copies of invoices he has issued and received outside the territory of the Republic of Croatia, he shall notify the competent local office of the Tax Administration thereon and make the invoices available to the Tax Administration and other supervision authorities without undue delay when they request that.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

Taxable persons shall store issued and received invoices, documents about corrections to invoices, proof of importation or exportation, documents on the basis of which exemptions from payment of VAT were provided, calculations of VAT, as well as all other documentation required for the assessment and payment of VAT, within the periods stipulated by General Tax Act. This shall also apply to invoices issued and received by electronic means. Records and documents of daily cash transactions, accounts and bookkeeping documents and other records shall be stored for ten years from the start of the statute of limitations.

Documentation relating to taxation of real estate pursuant to VAT Act shall be stored for at least ten years after the year to which it pertains.

35. WHAT ARE THE SPECIFIC RULES ON STORAGE FORM AND POSSIBLE CONVERSIONS?

Invoices may be stored in paper or electronic form.

36. ANY OTHER SPECIFIC RULE IN RELATION TO INVOICE STORAGE.

No.

SIMPLIFIED INVOICES

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 238 OF THE VAT DIRECTIVE? AND WHAT ARE THE SPECIFIC RULES?

Republic of Croatia didn't use the possibility provided in Article 238 of the VAT Directive, to provide simplified invoices where the amount of an invoice is higher than € 100 but not higher than € 400 (or the equivalent in national currency).

The taxable persons may issue a simplified invoice for the supplies of goods or services carried out where the amount of the invoice is not higher than HRK 700 (appx. € 100) or

where the invoice is issued within the meaning of Article 78, paragraph 7 of VAT Act. Such an invoice shall contain the following details:

1. an invoice number and the date of issue,
2. name and surname (title), address, personal identification number or VAT identification number of the taxable person supplying the goods or services (vendor) and the indication of the place at which the supply of the goods or services was carried out (number of points of sale, business premises, shop, and similar),
3. name and surname (title), personal identification number or VAT identification number of a taxable person who was rendered goods or services (the customer)
4. the quantity or usual trade name of the goods supplied or the nature and extent of the services rendered,
5. the amount of consideration including VAT, categorized by VAT rates,
6. the amount of the VAT charged, categorized by VAT rates,
7. where a document or message treated as invoice has been issued pursuant to Article 78, paragraph 8 of VAT Act, reference to that initial invoice and the specific details which are being amended.

A taxable person may not issue a simplified invoice for the supplies of goods or services to another Member State where the VAT is due and where his fixed establishment does not intervene in the supply in the meaning of Article 192a of the Directive 2006/112/EC and the person liable to pay VAT is the receiver of goods or services.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

Every taxable person shall make an assessment of his VAT liability for the accounting period and declare it in a VAT return setting out all the information needed to calculate the VAT or the total value of taxable transactions, and amount of VAT and input VAT by VAT rates, and the total value of exempt transactions and transaction not subject to taxation.

The VAT return shall be submitted also by a person liable to pay VAT instead of a taxable person who is not established in the Republic of Croatia, a non-taxable legal person who is liable to pay VAT for acquisition of goods within the European Union, a person registered for VAT purposes acquiring new means of transport as well as taxable person or a non-taxable legal person, whose other acquisitions are not subject to VAT but who acquires goods within the European Union subject to excise duty.

39. AT WHAT INTERVALS ARE VAT RETURNS AND ASSOCIATED PAYMENTS TO BE MADE?

Every taxable person must submit the VAT return, on the prescribed form, to the competent local office of the Tax Administration according to his registered office or permanent address or habitual residence, by the 20th day of the month following the end of the accounting period:

- the accounting periods shall be from the first until the last day of the month,
- by way of derogation, the accounting periods shall be from the first until the last day in the quarter for a taxable person for whom the value of supplied goods and service, including VAT, in the previous tax period is less than HRK 800.000 (appx. € 100,000). The taxable person, whose accounting periods are from the first until the last day in the quarter, may opt for the submission of returns for the monthly periods. This provisions shall not apply to taxable person performing transactions within the European Union,
- the accounting periods for a taxable person who is not established, has no fixed establishment, permanent address or habitual residence in the Country, and is registered for VAT purposes, shall cover the period between the first and the last day of the month.

Every taxable person shall submit the annual VAT return to the competent local office of the Tax Administration according to his registered office, or permanent address or habitual residence by the end of February of the current year for the previous calendar year. Every taxable person shall submit the annual VAT return within 2 months following the cessation of his business.

A taxable person shall pay the calculated and declared VAT for a tax period until the last day of the month following the end of the above mentioned accounting period. A taxable person shall pay the difference in VAT according to the annual VAT return by the deadline for the submission of the annual VAT return.

Where a taxable person fails to submit the VAT return or annual VAT return by the stipulated deadline, or does not have the required documentation or tax records, the Tax Administration may estimate and assess the tax liability.

40. WHAT IS THE PROCEDURE FOR THE REPAYMENT OF EXCESS VAT REPORTED IN THE PERIODIC VAT RETURN? WHAT ARE THE TIME LIMITS FOR THE EXCESS VAT REPAYMENT IF ANY?

Where, for a given accounting period, the amount of deductions exceeds the amount of VAT due, the taxable person shall be entitled either to a refund or to carry the excess of the VAT paid forward to the following accounting period.

Where a taxable person applies for a refund of the excess of the VAT paid, the Tax Administration shall be obliged to refund the difference within 30 days from the date of submission of the VAT return but not later than within 90 from the day auditing procedure has been instituted.

41. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

Yes, for a taxable person for whom the value of supplied goods and service, including VAT, in the previous tax period is less than HRK 800.000 (appx. € 100,000). They can submit a VAT return quarterly, by the 20th day of the month following the end of every quarter.

42. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

No.

RECAPITULATIVE STATEMENTS

43. DO YOU ALLOW SUBMISSION OF RECAPITULATIVE STATEMENTS BY CALENDAR QUARTER ? IF SO, UNDER WHICH THRESHOLD AND CONDITIONS ?

No. The recapitulative statement shall be submitted by 20th day of the month at the latest following the end of the monthly accounting period.

Every taxable person registered for VAT purposes shall be obliged to submit a recapitulative statement of the following:

a) the acquirers registered for VAT purposes to whom he has supplied goods in accordance with the conditions specified in Article 41, paragraph 1, item a) of VAT Act and for the transfer of goods within the meaning of Article 41, paragraph 1, item d) of VAT Act,

b) the persons registered for VAT purposes to whom he has supplied goods which were supplied to him by way of acquisition within the European Union referred to in Article 10 of this Act,

c) the taxable persons, and the non-taxable legal persons, registered for VAT purposes, to whom he has supplied services, other than services exempt from VAT, in the Member State where that transaction is taxable, and for which the recipient is liable to pay VAT pursuant to Article 196 of the Council Directive 2006/112/EC.

44. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN ARTICLE 266 OF THE VAT DIRECTIVE (2006/112/EC)?

No.

45. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE (2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

No.

ELECTRONIC RETURNS

46. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT RETURNS ELECTRONICALLY?

Every taxable person must submit the VAT return by electronic means through "ePorezna". This is a collection of electronic services of the Croatian Tax Administration, which allows all taxpayers to electronic filing digitally signed forms, retrieve the status of uploaded patterns, with the aim of simplifier and faster to meet its obligations to the tax authorities. The service enables electronic communication with taxpayers using the Internet as a communication infrastructure. As part of the services, a secure exchange of electronic data between the taxpayer and the tax administration takes place. The system meets the highest safety standards to ensure a safe and uncompromised data transmission in electronic transactions.

A set of electronic services of the Tax Administration - ePorezna is entirely based on open Internet standards and is thus able to use it with all relevant today, computing platforms, regardless of the manufacturer. The services provided by the Tax Administration can be accessed at any time by opening Internet addresses applications "ePorezna" in one of the popular browsers - Internet Explorer, Mozilla Firefox, Google Chrome. The web page address of the applications (only in Croatian) is: <https://e-porezna.porezna-uprava.hr/>

47. IS IT POSSIBLE TO SUBMIT RECAPITULATIVE STATEMENTS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

Every taxable person must submit the recapitulative statements by electronic means. (Same as answ. 46.)

OBLIGATIONS AT IMPORTATION

48. WHO ARE THE PERSONS THAT CAN BE DESIGNATED OR RECOGNISED AS LIABLE TO PAY IMPORT VAT UNDER ARTICLE 201 OF THE VAT DIRECTIVE ?

VAT shall be payable by any person designated or recognized as importer or customs debtor or recipient of the goods under customs legislation.

49. WHAT ARE THE RULES FOR DECLARATION AND PAYMENT OF IMPORT VAT ?

VAT on importation shall be paid by the deadline stipulated for the payment of import duties in compliance with customs regulations.

50. DO YOU APPLY THE OPTION OF "POSTPONED ACCOUNTING" REFERRED TO IN ARTICLE 211 OF THE VAT DIRECTIVE ? IF SO, UNDER WHICH CONDITIONS ?

No.

ADMINISTRATIVE REQUIREMENTS

51. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

No.

52. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

No.

53. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

Only in Croatian.

RIGHT TO DEDUCTION

54. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

The taxable person may not deduct input VAT in the following cases:

a) the purchase and lease of pleasure boats, aircraft, personal cars and other means of personal transport, including the purchase of accessories for such goods, as well as services supplied in relation thereto,

b) the purchase of goods and services for the needs of representation whereby representation shall be deemed to be expenditure on hosting business partners, giving gifts to business partners, payment of business partners' holiday expenses, sport and amusement or entertainment, car, boats, aircraft, holiday homes and similar.

Exceptionally, provisions of item a) shall not apply to vessels or aircraft used for the economic activity of transporting passengers and goods and a rental activity thereof, or purchased for the purpose of resale, as well as in case of personal cars and other means of personal transport used for drivers training, vehicles testing, repair service, economic activity of transporting passengers and goods, transport of deceased, rent and purchased for the purpose of resale.

55. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

In the case a taxable person uses goods and supplied services partially for the supply of goods and services in respect of which VAT is deductible pursuant to the provisions of VAT Act, and partially for the supply of goods and services in respect of which VAT is not deductible, than only that portion of the VAT shall be deductible which pertains to transactions for which deduction of input VAT is allowed.

The deductible proportion of the input VAT shall be determined for all the transactions carried out by the taxable person in the following manner:

a) as numerator: the total amount, exclusive of VAT, of supplies (turnover) per year attributable to transactions in respect of which input VAT is deductible,

b) as denominator: the total amount, exclusive of VAT, of supplies (turnover) per year attributable to transactions included in the numerator and to transactions in respect of which VAT is not deductible, including the amount of subsidies, other than those directly linked to the price of the supplies of goods or services referred to in Article 33, paragraph 1 of VAT Act.

The deductible proportion shall be determined on an annual basis, fixed as a percentage and rounded up to a figure not exceeding the next whole number.

The provisional proportion for a year shall be that calculated on the basis of the preceding year's transactions. In the absence of such transactions in the previous year or if they were insignificant in amount, the taxable person shall estimate provisionally the deductible proportion of input VAT and notify on that the competent local office of the Tax Administration.

Deductions of input VAT for the current year on the basis of such provisional calculation shall be adjusted by the taxable person in the final account for VAT to be submitted for the tax period referred to in Article 84, paragraph 1 of VAT Act, whereby he shall determine the final portion of the input VAT that is deductible.

By way of derogation, the taxable person shall be entitled to determine a deductible proportion for each sector of his business, provided that separate accounts are kept for each sector. In that case the taxable person shall notify the competent local office of the Tax Administration thereof prior to the beginning of the accounting period in which he begins to apply that proportional deduction method. However, the Tax Administration may decide not to allow the taxable person to apply such method of calculating proportional deduction of input VAT if the taxable person, by using the selected proportional deduction method, does not enable the control of VAT calculation and payment pursuant to the provisions of this Act.

ANNEX 1: THRESHOLDS

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

ANNEX 2: VAT IDENTIFICATION NUMBERS

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexII.pdf

ANNEX 3: ABBREVIATIONS

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexIII.pdf