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Factsheet for case **HR-2020-12/288**

Deferral and/or installment payment of tax liabilities

Factsheet generated on 04 May 2020, 07:13

Country	Croatia, applies nationwide
Time period	Open ended, started on 19 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Deferral of payments
Case created	06 April 2020 (updated 30 April 2020)

Background information

In late November 2019 the Croatian Parliament passed a series of laws amending Croatian tax legislation. The new laws, in the most part, came into effect on 1 January 2020. Due to corona virus pandemic The General Tax Act has been amended (OG 32/2020) introducing an article related to "Payment of taxes in special circumstances as follows:

Article 107a

- (1) "Special circumstances" means an event or a condition which could not be predicted and could not be affected, which endangers the life and health of citizens, property of greater value, significantly damages the environment, disrupts economic activity or causes significant economic damage.
- (2) If the special circumstances referred to in paragraph 1 of this Article affect the ability to settle tax liabilities, the maturity of tax liabilities incurred and / or due in accordance with special regulations may be deferred and / or their installment repayment may be authorized.
- (3) No interest shall be accrued for the duration of the deferred payment and installment payments referred to in paragraph 2 of this Article.

The conditions, criteria and procedures for using this legal option are stipulated by Ordinance amending the Ordinance on the implementation of the General Tax Law (OG 35/2020) which entered into force on 23 March 2020.

Content of measure

Entrepreneurs affected by the coronavirus epidemic can file a tax deferral claim, provided that: a) he or she does not have outstanding tax liabilities recorded in the Tax Administration higher than HRK 200.00 and b) he or she fulfills one of the following conditions:

- 1) has recorded a decrease in income/receipts in the month preceding the month of the Request submission by at least 20% compared to the same month of the previous year, or
- 2) if he/she can prove that his/her income/receipts will likely decrease by at least 20% over the same period of the previous year, starting with the month of the submission of the Request.

Exceptionally, a tax deferral claim can also be submitted by entrepreneurs who, in 2019, have not achieved the value of supplies of goods and services in excess of HRK 7,500,000,000 (€ 1 million) in the previous year, and which determines the tax base according to deliveries made and in accordance with a special regulation on value added tax. (see case 289)

Deferred (delayed) tax liabilities relate to personal income tax and social contributions, contributions for compulsory insurance of self-employment, social contributions for persons on professional training without commencing employment, contributions and taxes on additional income (drugi dohodak), advance payment of personal income tax liabilities, advance payment of personal income tax liabilities from self-employment, advance payment on company and other tax liabilities due upon filing the Request, other than customs duties and excise duties.

Use of measure

Not yet known at this stage.

Actors, target groups and funding

Actors	Target groups	Funding
National government	All companies	No special funding required

Social partners

Role of social partners	No involvement
Form of involvement	No involvement

No involvement.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 19 March 2020: Hrvatski sabor (Parliament of the Republic of Croatia) (2020) Zakon o do puni Općeg poreznog zakona -- OG 32/20 (narodne-novine.nn.hr)
- 19 March 2020: Hrvatski sabor (Parliament of the Republic of Croatia) (2020) Pravilnik o dopunama Pravilnika o provedbi Općeg poreznog zakona -- OG 35/20 (narodne-novine.nn.hr)