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Factsheet for case **HR-2020-14/582**

Writing off all renters' income tax liability for the second quarter 2020

Factsheet generated on 29 April 2020, 13:16

Country	Croatia, applies nationwide
Time period	Temporary, 01 April 2020 - 30 June 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Direct or indirect financial support
Case created	14 April 2020 (updated 28 April 2020)

Background information

As part of the announced aid measures to the economy, the government has allowed renters to request a deferral of income tax lump sums for the first quarter 2020. However, the question remains what will happen to the second quarter 2020, since it is likely that there will be no tourists and therefore still no income. Renters demanded writing off tax lump sums for the second quarter 2020. The Tax Administration has announced that it is writing off all renters' income tax liability for the second quarter 2020. Otherwise, they would be required to pay lump sum tax for the second quarter by 30 June 2020. Furthermore, no write-off requests will be required or submitted.

This measure is aimed at renters who have lost their guests in the situation of a coronavirus pandemic, as well as the entire tourism sector, and therefore without income. The situation is still unknown for the summer months, but renters hope if there would not be tourists and revenues that the Tax Administration will implement the similar measure.

Content of measure

In 2019, around 600,000 beds in private rental apartment and houses have been offered to tourists. According to the current tax rules adopted, the owners pay between HRK 150 and 1,500 (€ 20 -200) per bed

in annual taxes. The amount is determined by the Assembly of the municipality. If the Assembly does not define the amount, it is paid HRK 750 (€100) per bed annually. The total amount paid to the budgets of local government units, towns and municipalities, amounted to about HRK 140 million annually.

The amount of the flat-rate tax may not be less than 150,00 kn, nor more than 1.500,00 kn. If the representative body does not decide on the amount of the lump-sum tax (per bed / accommodation unit in the campsite / accommodation unit in the Robinson tourism facility), the lump-sum tax is set at 750.00 kn. representative body of the local self-government unit.

Use of measure

Not yet known at this stage. Rough calculations show that each of about 100,000 individual owners paid to the budget HRK 1,400 (€ 185) a year on average.

Actors, target groups and funding

Actors	Target groups	Funding
National government Local / regional government	Sector specific set of companies	No special funding required

Social partners

Role of social partners	No involvement
Form of involvement	No involvement

Due to the nature of the measure, the social partners were not involved.

Sectors and occupations

This case is sector-specific (only private sector).

Economic area	Sector (NACE level 2)
I - Accommodation And Food Service Activities	I55 Accommodation

This case is not occupation-specific.

Sources

- 30 March 2020: Iznajmljivač stanova, soba i postelja putnicima i turistima i organizator kampova i/ili kamp-odmorišta te smještajnih jedinica u objektima za robinzonski smještaj (www.porezna-uprava.hr)
- 12 April 2020: Otpisuje se paušal svim iznajmljivačima, nije potrebno ispunjavati ni slati nikakve zahtjeve (www.novilist.hr)