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Factsheet for case **HR-2020-15/321**

## Cancellation and reduction of taxes and social contributions

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Country	Croatia, applies nationwide
Time period	Temporary, 07 April 2020 - 31 December 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Deferral of payments
Case created	06 April 2020 (updated 06 May 2020)

### Background information

On 17 March 2020, the Government of the Republic of Croatia adopted a conclusion presenting 63 economic measures aimed at boosting job retention, but also addressing illiquidity to those whose business activity has declined due to the coronavirus epidemic. The measures can be divided into two main groups. The first set of measures are measures that are horizontal in nature and are aimed at maintaining the stability of the economy through the provision of stand-style arrangements and new liquidity. The second set of measures refers to sectoral measures that are both vertically and horizontally targeted with the aim of encouraging everyone to actively undertake activities aimed at preserving jobs, i.e. safeguarding employment. In this regard, 16 laws have been amended. Additional amendments to the General tax law have been adopted on 7 April (OG 42/2020) ( see case number 288) and the new Ordinance on Amendments to the Ordinance on Implementation of the General Tax Law published on 8 April. (OG 43/2020).

### Content of measure

The Government decided on 7 April 2020 that for companies with a revenue of up to HRK 7.5 million (€ 1 million) and have a revenue drop of more than 50%, taxes and contributions will be completely written off over the next three months. For companies that have revenue of more than HRK 7.5 million (€ 1 million) and have a revenue drop of more than 50 -100%, taxes and social contributions will be proportionally written off over the next three months.

Therefore, if a company has a revenue drop of 75%, it will pay 25% of taxes and contributions over the next three months. The companies that generate more than HRK 7.5 million (€ 1 million), the 7% of big companies, will be exempt from their tax liabilities in proportion to the decrease in their revenue in April, May, and July. If their revenue has decreased by 20% to 50%, they are entitled to a deferral and interest-free payment in installments, those whose revenue has decreased by 50% to 100% will pay proportionately, and if their revenue has decreased by 75%, they will only pay 25% of their tax liabilities.

## 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

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

## Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

## Sources

- 02 April 2020: Prijedlog zaključka o drugoj skupini mjera za pomoć gospodarstvu uslijed epidemije koronavirusa ([vlada.gov.hr](http://vlada.gov.hr))
- 07 April 2020: Zakon o dopuni Općeg poreznog zakona ([narodne-novine.nn.hr](http://narodne-novine.nn.hr))
- 08 April 2020: Pravilnik o izmjenama i dopunama Pravilnika o provedbi Općeg poreznog zakona ([narodne-novine.nn.hr](http://narodne-novine.nn.hr))