

**CONFIDA**

# Ideas that pay off.

## Monthly Newsletter

April, 2023

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### I. RULEBOOK ON EXTRA PROFIT TAX

In the Official Gazette no. 17/23, from February 14, 2023, the Rulebook on [Extra Profit Tax](#) was published. The Rulebook entered into force on February 15, 2023.

#### **The Rulebook to implement the Law on Extra Profit Tax prescribes:**

- Procedure for determining taxable profit and amount of income,
- The criterion for determining income from the sale of long-term tangible and intangible assets, gains, and unrealized losses of financial assets,
- The procedure for reducing the obligation of extra profit tax,
- Procedure for determining newly established entrepreneurs, ending business and their tax base,
- The method of payment of the solidarity contribution prescribed by EU Council Regulation 2022/1854 on emergency intervention to resolve the issue of high energy prices, and
- Application form for extra profit tax, content, and data to submit with the tax return.

A particularly important provision of the Rulebook refers to the scope of taxpayers subject to extra profit tax. Namely, even though extra profit tax should have applied to all taxpayers who generated more than HRK 300,000,000.00 of income and had a 20% increase in taxable profit compared to the average taxable profit of the last four tax periods (2018, 2019, 2020, and 2021), there's an exception.

The Rulebook provides that this income threshold does not apply to taxpayers engaged in activities in the sectors of crude oil, natural gas, and coal and refineries if they generate at least 75% of their turnover from economic activities in the extraction area, mining, oil refining, or production of coke oven products.

**Such taxpayers are subject to the payment of solidarity contributions, regardless of the total amount of income, under Council Regulation (EU) 2022/1854. In that case, taxpayers will apply the provisions of the Rulebook in the same way as those who are responsible for paying extra profit tax.**

Application for extra profit tax/solidarity contribution – the [DPD form](#) is an integral part of the Rulebook. It is applied in the process of applying extra profit tax/solidarity contribution for the tax period starting from January 1, 2022.

#### **The DPD form consists of two parts:**

- determination of the taxpayer/taxable profit
- determination of the obligation of extra profit tax/solidarity contribution.

The established obligation of extra profit tax and solidarity contribution is paid to a special payment account prescribed by a special regulation, while the declaration of extra profit tax/solidarity contribution for the year 2022 (DPD form) is submitted to the competent office of the Tax Administration together with the [PD form](#).

## II. DAILY ALLOWANCE FOR A BUSINESS TRIP ABROAD

Official travel expenses and the right to a daily allowance in the country and abroad, in terms of taxation, are governed by the provisions of the Income Tax Act and the Income Tax Ordinance. In the case of business trips, in practice, there are many questions related to determining the amount of foreign and domestic daily allowances.

### WHAT IS CONSIDERED A BUSINESS TRIP ABROAD?

A business trip abroad is a trip of up to 30 days continuously, namely:

- From the Republic of Croatia to a foreign country and vice versa;
- From one side of the country to another; and
- From one place to another on the territory of a foreign country.

### HOW TO DETERMINE FOREIGN AND DOMESTIC DAILY ALLOWANCE?

The total duration of the business trip includes part of the business trip in the country, so the right to several daily allowances should be determined according to the total duration of the business trip. Then the total number of daily allowances is divided into foreign and domestic allowances. The Income Tax Ordinance stipulates that the right to a foreign daily allowance is determined initially and then to a domestic one, considering the total number of hours/days of a business trip.

Out of the total number of hours spent on a business trip, the hours for the foreign daily allowance are determined first, and the right to the domestic daily allowance is determined from the remaining hours. The remaining hours of the business trip abroad are added to the hours spent in the country, and the opposite calculation is not allowed.

**The right to a foreign daily allowance is determined according to the number of hours spent abroad, which means that for half of the foreign daily allowance, it is necessary to spend more than 8 hours abroad, while for a full one, it is necessary to spend more than 12 hours.**

### WHEN DOES THE FOREIGN DAILY ALLOWANCE STARTS BEING CALCULATED?

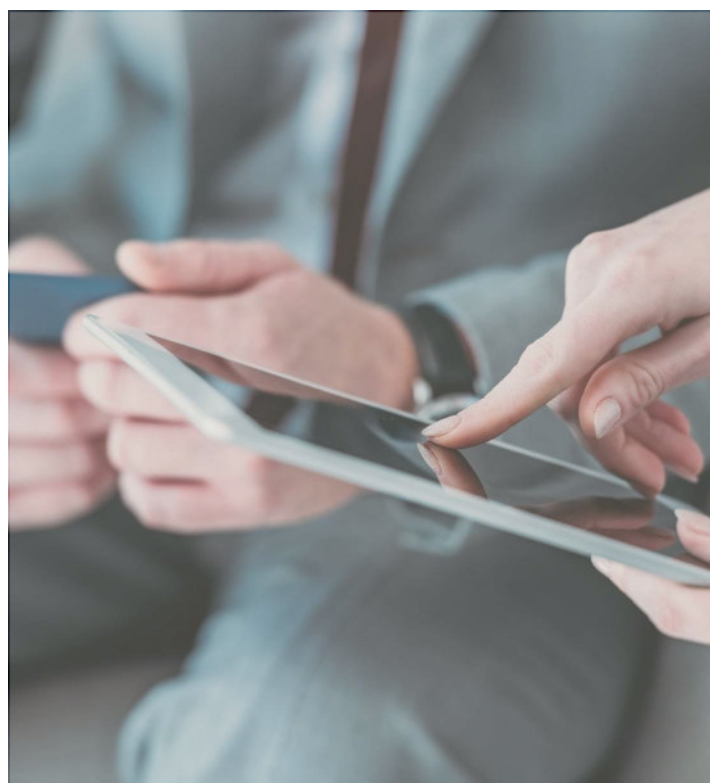
The calculation of the foreign daily allowance is based on the period from crossing the border of the Republic of Croatia on the way out until crossing the border on the way back. Mentioned applies to road trips only. In the case of using air transport, the foreign daily allowance is calculated two hours before the scheduled departure from the last airport in Croatia until the time of landing at the first airport in Croatia. For a ship trip, the daily allowance is calculated from the hour of ship departure from the last port to the hour of return to the first port in Croatia.

### WHAT ARE THE RULES FOR TRAVELLING THROUGH MULTIPLE COUNTRIES?

Business trips usually have one foreign country as the final destination, so travel hours are calculated as a daily allowance for that country, regardless of whether one or more countries were travelled to. The exception is when a person stays in one of the countries for longer than 12 hours, in which case the daily allowance is calculated for that country.

**By clicking on the button below, you can find an overview of the amounts of the daily allowance.**

[Daily Allowance List](#)



## III. ANNUAL LEAVE, HOLIDAYS, NON-WORKING DAYS AND HOURS IN 2023

The Labour Law regulates employers' right to annual leave. The use of annual leave is not only the employee's right but also the employer's obligation.

The Labour Law prescribes the obligations that the employer must comply with when using annual leave. The right to annual leave regulates collective agreements, labour regulations and employment contracts. In addition, the Constitution of the Republic of Croatia also prescribes the use of annual leave.

For each calendar year, the employee has the right to a paid leave of at least four weeks. The by-laws mentioned above can determine a longer duration of annual leave than is prescribed by law.

An employee who has just been employed or has a break between two employment relationships of more than eight days is entitled to full annual leave after six months of continuous employment with the same employer. Annual leave is determined depending on the employees' weekly work schedule.

### HOLIDAYS AND NON-WORKING DAYS

Holidays and non-working days determined by law, as well as temporary incapacity for work and days of paid leave, are not included in the duration of annual leave. In the below tables, you can find the list of holidays and non-working days as well as the number of working hours in 2023.

| DATE        | HOLIDAY OR NON-WORKING DAY   |
|-------------|--|
| January 1   | ➤ New Year   |
| January 6   | ➤ Epiphany   |
| April 9     | ➤ Easter   |
| April 10    | ➤ Easter Monday  |
| May 1       | ➤ Labour Day   |
| May 30      | ➤ Statehood Day  |
| June 8      | ➤ Corpus Christi   |
| June 22     | ➤ Anti-Fascist Struggle Day  |
| August 5    | ➤ Victory and Homeland Thanksgiving Day  |
| August 15   | ➤ Assumption of Mary   |
| November 1  | ➤ All Saint's Day  |
| November 18 | ➤ Day of Remembrance of the Victims of the Homeland War, Day of Remembrance of the Victims of Vukovar and Škabrnja |
| December 25 | ➤ Christmas  |
| December 26 | ➤ Saint Stephen's Day  |

## III. ANNUAL LEAVE, HOLIDAYS, NON-WORKING DAYS AND HOURS IN 2023 - CONTINUED

In the overview below, we bring you monthly fund hours for 2023.

### JANUARY

- › monthly fund hours = 176
- › working hours = 168
- › holidays' hours = 8

### FEBRUARY

- › monthly fund hours = 160
- › working hours = 160
- › holidays' hours = 0

### MARCH

- › monthly fund hours = 184
- › working hours = 184
- › holidays' hours = 0

### APRIL

- › monthly fund hours = 160
- › working hours = 152
- › holidays' hours = 8

### MAY

- › monthly fund hours = 184
- › working hours = 168
- › holidays' hours = 16

### JUNE

- › monthly fund hours = 176
- › working hours = 168
- › holidays' hours = 0 = 8

### JULY

- › monthly fund hours = 176
- › working hours = 160
- › holidays' hours = 16

### AUGUST

- › monthly fund hours = 168
- › working hours = 168
- › holidays' hours = 0

### SEPTEMBER

- › monthly fund hours = 168
- › working hours = 168
- › holidays' hours = 0

### OCTOBER

- › monthly fund hours = 176
- › working hours = 176
- › holidays' hours = 0

### NOVEMBER

- › monthly fund hours = 176
- › working hours = 168
- › holidays' hours = 8

### DECEMBER

- › monthly fund hours = 168
- › working hours = 152
- › holidays' hours = 16



## IV. CAN A BANK ACCOUNT OPENED AT REVOLUT BANK UAB BE A CRAFT'S BUSINESS BANK ACCOUNT?

The Tax Administration of the Republic of Croatia has published an official opinion on the taxpayer's inquiry about the business bank account of craft as an account opened in Revolut Bank UAB. We transmit the opinion of the Tax Administration in its entirety.

Given all of the below and that Revolut Bank UAB is approved to provide services for opening and maintaining accounts such as current or giro accounts in the Republic of Croatia, the Tax Administration considers that craft business operations can carry out through accounts opened at Revolut Bank UAB.

### TAX ADMINISTRATION OPINION

"Article 86, Paragraph 1 of the Personal Income Tax Act (Official Gazette No. 115/16, 106/18, 121/19, 32/20, 138/20 and 151/22) stipulates that state administration and judicial authorities and other state bodies, bodies and services of local and regional self-government units, institutes, non-profit organizations, entrepreneurs - legal and natural persons, shall make payments of receipts that are deemed to be income to payers of income tax and payments of receipts that are not deemed to be income, i.e. on which no income tax is paid, to natural persons, into their payment account under the regulation governing payment transactions in a bank, and exceptionally into cash in the prescribed manner.

Article 92, Paragraph 1 of the Personal Income Tax Rulebook (Official Gazette No. 10/17, 128/17, 106/18, 1/19, 80/19, 1/20, 74/20, 1/21, 102/22 and 112/22) stipulates that Article 86 of the Act, state administration and judicial authorities and other state bodies and services of local and regional self-government units, institutes, non-profit organizations, entrepreneurs - legal and natural persons shall make payments of receipts to natural persons, to their account for payment according to the regulation governing payment transactions with the bank, i.e. to non-residents to their account.

By the Tax Administration Opinion as of June 7, 2022, on changes related to the operations of the credit institution Revolut Bank UAB, there is no obstacle that the payment of receipts made to the accounts that taxpayers have opened in that bank since June 1, 2022, the Croatian National Bank published a notice on the approval of Revolut Bank UAB to expand the provision of services in the Republic of Croatia, such as opening and maintaining payment accounts in the Republic of Croatia."



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