

CONEO

Ideas that pay off.

Monthly Newsletter

October, 2025.

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1.

FISCALISATION 2.0 AND MANDATORY EINVOICES – WHAT ENTREPRENEURS NEED TO KNOW?

As part of the National Recovery and Resilience Plan, Croatia is entering a new phase of digital transformation of its tax system. From 1 January 2026, all VAT-registered taxpayers will be required to issue and receive eInvoices, while from 2027 this obligation will extend to all other business entities. Fiscalisation will then cover all transactions – both cash and non-cash.

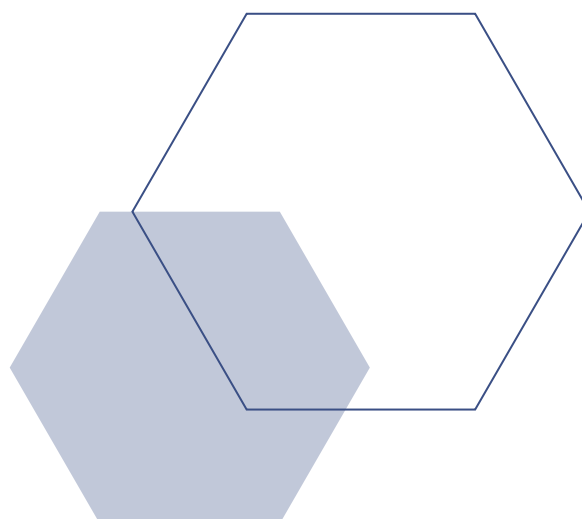
The new Fiscalisation 2.0 system enables the Tax Administration to gain automated insight into business transactions, increasing transparency and reducing the risk of tax irregularities. A key role is played by information intermediaries, who facilitate the exchange and fiscalisation of eInvoices through the ePorezna system, while smaller businesses may use the free MikroeInvoice application.

Fiscalisation 2.0 is also linked to digital VAT filing – most of the data for VAT forms will be automatically retrieved from the system, making paper forms such as URA, IRA and OPZ-STAT-1 obsolete.

This reduces the administrative burden for entrepreneurs and simplifies their business operations.

From September 2025, system testing will be available, and businesses should already begin aligning their internal systems, registering information intermediaries, and ensuring compliance with KPD 2025.

Read more about the preparations and practical steps in our latest [blog post](#).



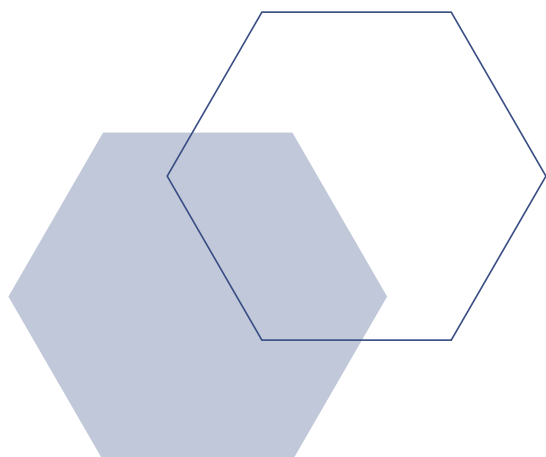
2.

WHAT ARE THE TAX IMPLICATIONS OF WAIVING RECEIVABLES?

Waiving a receivable – even when motivated by noble reasons such as donating an artist's fee to an association – is not necessarily tax-neutral. Under the Personal Income Tax Act, in certain circumstances such a waiver is treated as income received, even if the funds are not physically paid to the individual waiving the claim.

For example, if an artist decides to donate their fee to an association, the payer, such as a company, is still required to calculate and pay the corresponding taxes and contributions, as well as submit the JOPPD form.

However, there are exceptions where the waiver of a receivable does not create a tax liability. This applies in cases of uncollectible receivables, bankruptcy proceedings, or when the amounts fall below the legally prescribed threshold. In practice, it is therefore essential to carefully assess the legal basis and circumstances of each case before deciding to waive a receivable.



3.

WITHHOLDING TAX – WHAT, WHEN AND HOW MUCH?

Withholding tax is an important aspect of doing business internationally. In Croatia, it applies to payments made to non-residents – foreign legal entities – for certain types of income, where the domestic payer is responsible for calculating and remitting the tax.

The tax is levied on the gross amount of the payment (excluding VAT) for interest, dividends and profit shares, copyright and related rights, licences, patents, trademarks, and other intellectual property rights. The standard rate is 15%, while a 10% rate applies to dividends and profit shares. For payments to recipients in non-cooperative jurisdictions, the rate increases to 25%. In the case of foreign performers – artists, athletes, and entertainers – when the payment is made through a foreign legal entity, a reduced rate of 10% applies.

If a Double Taxation Treaty (DTT) exists between Croatia and the recipient's country, a lower rate or full exemption may be applied, provided that a certificate of tax residence and the relevant forms are submitted. A refund of overpaid tax may be requested within three years from the end of the year in which the payment was made. The exact tax treatment depends on the type of payment, the recipient's status, and the country of residence. Timely planning and proper documentation are key to avoiding errors and additional tax liabilities.

4.

MANAGEMENT BOARD MEMBERS, EXECUTIVE DIRECTORS AND SUPERVISORY BOARDS – RIGHTS, OBLIGATIONS AND TAX IMPLICATIONS

The Companies Act, Labour Act, Personal Income Tax Act, and social contribution regulations together form a complex framework defining the rights and obligations of individuals holding senior positions in companies.

In practice, questions often arise such as: Does a management board member have an employment relationship or not? When does the obligation to calculate social contributions arise? How should remuneration be properly structured? and Is there an obligation to pay contributions even if the function is performed without remuneration?

Situations where the same individual holds multiple roles – for example, as both a board member and an employee – are particularly sensitive, as poorly regulated arrangements can lead to tax irregularities, additional liabilities, or legal risks for the company.

Read more about the tax treatment and practical recommendations in our latest [blog post](#).

5.

BUSINESS LOANS: HOW TO PREPARE AND CHOOSE THE RIGHT ONE

A loan is one of the most important tools for business growth and development, but the decision to take on debt requires careful preparation and a strategic approach. The market offers a wide range of options – from investment and working capital loans to start-up and subsidised programmes – yet the key to success lies in understanding your own needs and financial capacity.

Before approving a loan, the bank assesses the credibility of the business and its repayment ability. Therefore, it is essential to have a realistic business plan with clearly defined objectives and financial indicators, accurate and up-to-date financial statements, and transparent cash flows. It is also important to propose appropriate collateral instruments and align the repayment schedule with business cycles. Particular attention should be paid to the effective interest rate (EIR) and additional costs that affect the actual borrowing amount.

If a company's financial stability is currently unsatisfactory, it is advisable first to consolidate operations, optimise costs, and strengthen the capital structure. Only then can a loan become a lever for growth rather than an additional burden.

The right loan is not merely a financial product – it is a strategic instrument that should align with the company's long-term business goals and development plans.

6.

WHAT DOES THE NEW EU PAY TRANSPARENCY DIRECTIVE MEAN FOR EMPLOYERS?

The European Union has adopted the Pay Transparency Directive with the aim of strengthening the principle of “equal pay for equal work.” The deadline for transposing the Directive into Croatian legislation is 7 June 2026, and amendments are expected to the Labour Act, the Gender Equality Act, and the Civil Procedure Act.

Key changes include a ban on asking candidates about their previous salary, an obligation to disclose the starting salary or salary range in job advertisements, a prohibition of contractual clauses preventing employees from discussing their pay, and an employee’s right to access average pay levels by gender.

Employers will be required to inform employees annually about their rights.

Companies with more than 100 employees will have to report gender pay gaps, and if the difference exceeds 5% and cannot be objectively justified, they will be required to carry out a joint pay assessment and propose corrective measures.

The Directive also shifts the burden of proof to the employer, introduces penalties for non-compliance, and gives employees the right to compensation in cases of discrimination.

Employers should already begin reviewing their pay systems, analysing potential pay gaps, and aligning internal policies well before the Directive enters into force.

7.

TAX AUDIT: DO YOU KNOW WHICH DOCUMENTATION ACCOMPANIES THE PROCESS?

A tax audit is one of the key instruments used by the Tax Administration to verify the legality of business operations and determine tax obligations. Throughout the process, several official tax acts are issued, each serving a specific purpose, carrying legal effect, and subject to defined procedural deadlines.

THE MOST IMPORTANT AMONG THEM INCLUDE:

- Notice of Audit – marks the beginning of official communication with the taxpayer
- Tax Audit Report – the main document forming the basis for decision-making
- Tax Decision – the act determining the taxpayer’s rights and obligations
- Tax Settlement – an opportunity to reach an agreement with the Tax Administration before the decision is issued
- Summons, conclusions, decisions and official records – shape the course and dynamics of the audit process

Taxpayers have the right to file objections, but also the obligation to cooperate, act transparently, and in good faith. Each tax act must contain a clearly defined legal basis, the date of issue, and the signature of the authorised person.

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