Tax advice
for entrepreneurs

CONEO

Ideas that pay off.

Monthly Newsletter
February, 2026.

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1.

EINVOICES AND FISCALISATION: WHAT THE NEW RULEBOOK BRINGS AND HOW TO PREPARE IN TIME

The **Draft Rulebook on eInvoices** provides detailed technical and operational rules for implementing the Fiscalisation Act in the area of eInvoices. Although formally a technical regulation, its provisions will have a **direct impact on the day-to-day business processes** of companies and accounting professionals.

Under the new rules, the e**xchange of eInvoices will take place exclusively via access points,** with mandatory use of the **AS4 protocol and secure TLS encryption.** A **digital certificate** becomes mandatory for signing eInvoices and fiscalisation messages, and the same certificate may be used for both **B2B** and **B2C fiscalisation.** The Tax Administration will collect and store data on **issued**, **received, rejected, and paid eInvoices** for the purpose of monitoring proper compliance with the regulations.

Particular attention should be paid to the fact that **KPD classification codes become a mandatory element of eInvoices**, meaning that each product and service must be linked to the correct classification. For taxpayers **outside the VAT system,** the use of the **MIKROeRAČUN** application is *предусмотрено*, enabling the **receipt of eInvoices from 1 January 2026** and their **issuance from 1 January 2027.** Information intermediaries will be required to complete mandatory **compliance testing before operating in production**, while standardised error messages will require prompt correction of irregularities and resubmission within prescribed deadlines.

For businesses and accounting firms, this means that **timely preparation is essential**— including a review of IT solutions, certificate validity, product classifications, and clearly defined internal processes. The eInvoice is no longer merely an electronic invoice format, but an **integral part of a supervised fiscal system** requiring full technical and organisational compliance.

2.

SET-OFF (COMPENSATION) IN BUSINESS TRANSACTIONS: HOW TO APPLY IT CORRECTLY

Set-off, or compensation, is an effective mechanism that allows two parties to settle mutual claims **without an actual transfer of cash.** Although it is a relatively straightforward concept, in order to be legally and accounting-wise valid, set-off must be carried out correctly and supported by appropriate documentation.

In essence, set-off means the **mutual offsetting of receivables.** For example, if one company owes another €10,000 while at the same time holding a receivable of €7,000 from that party, only the difference of €3,000 is paid, and the remaining amount is considered settled. This method of settling obligations can significantly contribute to preserving liquidity.

In practice, several types of set-off exist. **Statutory (unilateral) set-off** is based on meeting legal requirements and does not require the consent of the other party. **Judicial set-off** is applied within litigation proceedings, while set-off in insolvency applies only to claims arising before the opening of insolvency proceedings. **Contractual set-off** offers greater flexibility, as it is based on an agreement between the parties, and **multilateral set-off** involves three or more parties with mutual claims.

From an accounting perspective, it is essential that every set-off is supported by **clear and complete documentation**—a statement or agreement on set-off that precisely specifies the amounts, dates, and invoices being settled. Without proper documentation, there is a risk of tax and accounting irregularities.

When implemented correctly, set-off can be a **valuable tool for cash flow management and reducing illiquidity,** but it requires careful planning and consistent compliance with applicable regulations.

3.

NEW LIMITS FOR TAX-EXEMPT INCOME OF PUPILS AND STUDENTS FROM 1 JANUARY 2026

As of **1 January 2026**, new and more favourable limits for **tax-exempt income of pupils and students** will come into force. Under the applicable rules, pupils and students will be able to earn up to **€4,800 per year without paying income tax**, in addition to **€7,200 in personal allowances,** resulting in a total of **€12,000 of tax-exempt income.**

However, it is important to distinguish between the **tax treatment of a pupil's or student's income** and their **status as a dependent family member.** If the total annual income of a pupil or student **exceeds €3,600**, parents can no longer claim the child as a **dependent** in their tax return, regardless of whether the child is still exempt from paying tax on that income.

In practice, this means that **two different thresholds with different tax consequences** apply. The first threshold relates to the taxation of pupils' and students' income, set at **€4,800,** while the second concerns the parents' right to claim a tax allowance for a dependent, set at **€3,600.**

This distinction often causes confusion, particularly during periods of increased student work and when preparing annual tax returns. It is therefore important for parents, employers, and students themselves to **monitor earned income in a timely manner** and understand the tax implications of exceeding each threshold.

4.

FROM 1 JANUARY 2026: NEW WORK OPPORTUNITIES FOR PENSIONERS AND KEY CHANGES IN THE PENSION SYSTEM

The beginning of 2026 brings important amendments to the **Pension Insurance Act,** affecting both pensioners and employers. The core of the changes is greater flexibility in combining work with a pension, as well as an improved position for certain groups of pension beneficiaries.

One of the most significant changes is the **abolition of the reduction applied to early retirement pensions.** All beneficiaries whose pensions were reduced due to early retirement will have this reduction **automatically removed upon reaching the age of 70,** without the need to submit any additional requests.

Another important change concerns **working while receiving a pension.** From **1 January 2026,** old-age, survivors', early retirement and other pensioners may work **more than half of full-time working hours** while simultaneously receiving **50% of their pension.** If they work up to half of full-time hours, they retain the right to receive their **full pension.** This change creates additional opportunities for employing experienced workers and introducing more flexible forms of work.

A third set of changes relates to the **increase in disability pensions.** Pension factors are being increased – from **1.0 to 1.1** for pensions due to a complete loss of working capacity, and from **0.8 to 0.9** for partial loss of working capacity, which will have a direct impact on pension amounts.

All of these amendments provide greater flexibility and security for pensioners, while also opening new opportunities for employers. At the same time, they require careful monitoring and proper application in practice to avoid errors in calculations and the exercise of pension rights.

5.

THIRD-PARTY ASSETS AND DONATIONS IN BUDGETARY ACCOUNTING: KEY POINTS TO CONSIDER

In budgetary accounting, special attention must be paid to the proper recording of assets that are **not owned by the budgetary entity but are used in the performance of its activities,** as well as to the treatment of **donations of small inventory items.** Incorrect accounting of these items may lead to inaccuracies in financial statements and issues during audits or inspections.

Assets received for use **without a transfer of ownership** are not recognised on the balance sheet but are recorded **off-balance sheet.** Such assets must be presented according to the **gross principle**, meaning that the acquisition value and accumulated depreciation are recorded separately. They must be maintained in a **separate register of third-party assets** and included in the regular annual inventory, even though they are not owned by the budgetary entity.

When it comes to **donations of small inventory**, it is important to distinguish between the timing of expense and revenue recognition. The expense is recognised at the moment the decision to donate is made, while the revenue is recorded at the moment the asset is actually handed over. Donated inventory remains on the balance sheet until the transfer takes place, after which it is derecognised from the accounting records.

Special care is required when aligning asset values in situations where assets are received or disposed of **outside the general budget framework.** In such cases, either the **market value** or the value defined in the contract may be applied, depending on the circumstances and available documentation.

Correct differentiation between on-balance-sheet and off-balance-sheet assets, consistent application of depreciation, and clear documentation for donations and operating leases are essential for proper budgetary accounting and for avoiding subsequent adjustments or compliance issues.

6.

CONTRIBUTION BASES FOR 2026 – WHAT YOU NEED TO KNOW

Based on data published by the Croatian Bureau of Statistics, the average net salary in 2025 amounted to €1,993.00, which serves as the basis for determining contribution calculation bases in 2026. These amounts directly affect the calculation of social contributions for employees as well as for individuals engaged in self-employment.

The **minimum monthly contribution base** is set at **€757.34.** It applies in situations where salary is not paid, during unpaid leave, sick leave, or periods of inactivity without termination of employment, as well as in cases of part-time work, proportionally to the agreed working hours.

The **maximum monthly contribution base** amounts to **€11,958.00** and represents the upper limit for calculating pension insurance contributions under Pillars I and II. Unlike pension contributions, **health insurance contributions are not capped** and are calculated on the full gross salary amount.

The **maximum annual contribution base** is set at **€143,496.00.** Once this threshold is exceeded, the obligation to pay pension insurance contributions under Pillar I ceases.

For taxpayers who keep business records — such as tradespeople, freelancers, and other self-employed individuals — the **maximum annual contribution base for 2026** amounts to **€15,545.40**, provided that the activity is carried out throughout the entire year. The following statutory contribution rates apply to this base: **10%** or **7.5%** for pension insurance (Pillar I), **2.5%** for Pillar II, and **7.5%** for health insurance.

Deadlines for settling annual contributions are linked to tax returns: the **DOH return** must be submitted by **28 February 2027**, and the **PD return by 30 April 2027**. In the case of lump-sum taxation, the annual contribution base is determined in accordance with income tax regulations, and the contribution becomes due **15 days after receipt of the Tax Administration's assessment.**

Timely understanding and correct application of the new contribution bases are essential for accurate contribution calculations and for avoiding subsequent adjustments in 2026.

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