

CONEO

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Monthly Newsletter

April, 2026.

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1.

OPENING A BUSINESS BANK ACCOUNT ABROAD: KEY CHALLENGES AND HOW TO OVERCOME THEM

Expanding into foreign markets or scaling business operations internationally often involves one of the most demanding steps – **opening a business bank account abroad**. While, in ideal conditions, the process should take only a few weeks, in practice it is frequently extended to several weeks or even months due to **regulatory checks** and **administrative requirements**.

The most common challenges include **extensive documentation requirements** (often needing to be **certified and translated**), **AML/KYC compliance checks**, and differing **internal banking policies**. Additional difficulties may arise from **complex ownership structures**, lack of **local presence**, and varying interpretations of risk **assessments** by banks.

All of this can lead to **repeated document requests, delays**, or even **rejection of the application**.

The key to successfully opening an account lies in timely and thorough **document preparation**, transparent presentation of the **business model**, and careful selection of the appropriate **bank**. In some cases, support from an experienced **advisor** can significantly streamline and accelerate the entire process.

Proper preparation reduces the risk of delays and allows businesses to focus on what matters most – **growing their operations in new markets**.

2.

CROATIA AMONG EUROPEAN COUNTRIES WITH LOWER DIVIDEND TAX RATES

Taxation of **dividends** and other forms of **investment income** varies significantly across Europe, with Croatia ranking closer to the lower end of the scale. With a **12% tax rate**, Croatia places 26th among 35 analyzed countries, below the European average of **20.82%**.

Dividends are distributed from profits after taxation, which in practice results in **double taxation** – first at the corporate level through **corporate income tax**, and then at the individual level through tax on distributed dividends.

The highest rates are recorded in countries such as **Ireland (51%), Denmark (42%), and the United Kingdom (39.35%)**, while the lowest rates can be found in **Bulgaria, Greece, and Georgia (5%)**.

Notably, some countries – including **Estonia, Latvia, and Malta** – apply specific systems where dividends are not taxed directly, but rather through alternative forms of **corporate taxation**.

Compared to the region, **Slovenia (25%)** and **Germany (26.38%)** apply significantly higher rates, while the **average rate in the United States stands at 28.73%**.

Over the past year, several EU countries have adjusted their dividend tax regimes. For example, **Romania** increased its rate to 16%, while **Spain** and the **Netherlands** also introduced higher rates.

Despite Croatia's relatively low rate, understanding the tax framework and planning ahead remains essential for **effective investment and tax management**.



3.

NEW FOREIGN EXCHANGE ACT: KEY CHANGES AND WHAT THEY MEAN FOR BUSINESSES

A new **Foreign Exchange Act** has entered into force in Croatia, replacing the previous regulatory framework after more than 20 years. While the core principles remain largely unchanged, the new law introduces important updates in the areas of **currency exchange operations, cash controls, and reporting to the Croatian National Bank (CNB)**.

One of the key changes concerns **currency exchange operators**, who are no longer required to have a contract with a commercial bank to operate. However, they must still obtain **authorization from the CNB** and use certified **software solutions** to record transactions. Additionally, a new service has been introduced – the sale of foreign cash with **card payment**, which was not previously allowed.

The Act further clarifies operational rules for exchange offices, including the obligation to clearly display the **exchange rate list**, information on **fees**, and to issue a receipt for every transaction, along with the option for clients to **withdraw from the transaction**.

In terms of **cash controls**, individuals are required to declare amounts of **EUR 10,000 or more** when entering or leaving the EU, including unaccompanied cash, ensuring further alignment with EU regulations.

The law also regulates the obligation to **report cross-border transactions** to the CNB, which is essential for compiling the **balance of payments** and monitoring international financial flows.

Supervision of the Act is carried out by the **Financial Inspectorate**, while **Customs Administration** is responsible for cash control enforcement.

The new framework enhances transparency and alignment with EU standards, aiming for more **efficient and transparent foreign exchange operations**.



4.

ANNUAL REPORT ON CROSS-BORDER CREDIT TRANSACTIONS: DEADLINE APRIL 30

Businesses engaged in international operations are once again required to submit the **Annual Report on Other Cross-Border Credit Transactions** for 2025, no later than **April 30, 2026**. Failure to comply may result in **misdemeanor penalties**.

This obligation applies to all legal entities with **debtor-creditor relationships with non-residents**, including loans, advances, factoring, and similar financial arrangements, excluding short-term trade credits.

It is important to note that **monthly reporting** is mandatory for certain entities (e.g. public sector bodies and financial institutions), while most private non-financial companies are subject to **annual reporting**, unless selected for monthly monitoring.

The report is submitted using the **GOD-INOK form**, available on the Croatian National Bank's website, and includes data on **outstanding liabilities and claims**, as well as accrued interest for 2024 and 2025.

Notably, the obligation also applies to companies that had cross-border transactions during the year, even if no balances remain at year-end.

Timely and accurate reporting is essential for regulatory **compliance** and avoiding potential penalties.

5.

WITHDRAWAL OF A MEMBER FROM A LIMITED LIABILITY COMPANY (LLC)

A limited liability company (LLC) is the most common form of business entity, and its ownership structure may change over time. In addition to transferring shares, a member may also withdraw from the company.

Withdrawal may be voluntary—if предусмотрено in the articles of association—or initiated through court proceedings when justified reasons exist. In both cases, the company is required to compensate the withdrawing member by paying the market value of their share.

Key points:

- ▶ **Voluntary withdrawal** must be explicitly regulated in the articles of association
- ▶ **Judicial withdrawal** is possible if justified reasons exist (e.g. violation of member rights or damage)
- ▶ The member is entitled to **market value compensation** of their share
- ▶ Membership ends upon **payment of compensation**, after which the share typically transfers to the company

In practice, unclear provisions often lead to disputes, so it is advisable to clearly define withdrawal conditions, valuation methods, and payment terms in advance

6.

AMENDMENTS TO THE FOREIGNERS ACT – WHAT EMPLOYERS CAN EXPECT

The Government of the Republic of Croatia has submitted amendments to the **Foreigners Act** for parliamentary procedure, aiming to simplify and accelerate the employment of **foreign workers**, while also introducing additional requirements for **employers**.

The proposed changes introduce a range of updates that may have a significant impact on **business operations**, particularly for employers who already hire or plan to hire foreign workers.

Key changes include:

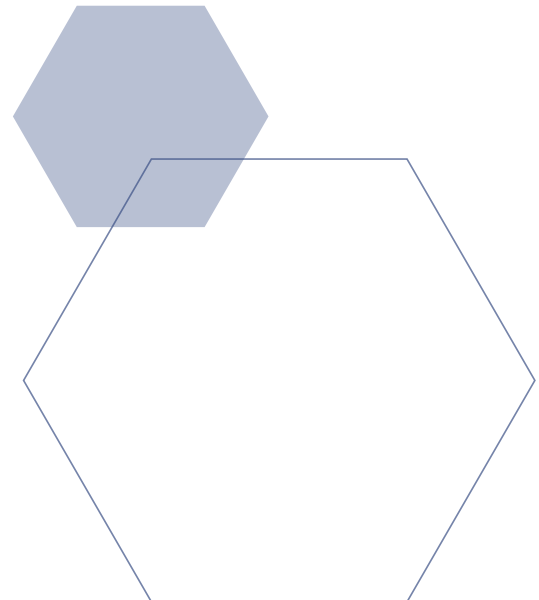
- ▶ easier **job position changes** within the same employer, without limitation to **shortage occupations**
- ▶ the possibility to change **employers** after **6 months of work** without the need for a new **residence and work permit**
- ▶ the obligation for **third-country nationals** residing in Croatia for at least one year to pass a **Croatian language exam**
- ▶ stricter **financial criteria for employers** (proof of inflows to a transaction account over the past 12 months: at least €100,000 for legal entities and €40,000 for natural persons)
- ▶ more detailed regulation of **accommodation conditions** for foreign workers
- ▶ additional restrictions related to **shortage occupations** at the level of police administrations
- ▶ extension of **permit processing deadlines** to up to 90 days

▶ longer permitted periods of **unemployment for foreign workers**

▶ extension of **seasonal work permits** up to 3 years, with the possibility to work up to 90 days or up to 9 months per year for the same employer

While the amendments introduce certain administrative simplifications, they also impose additional obligations that **employers** will need to plan for carefully—particularly in terms of **financial requirements** and **workforce organization**.

For **employers**, timely monitoring of **regulatory changes** will be essential in order to avoid potential **operational disruptions**.



7.

FROM E-INVOICES TO PAYMENT TRACKING: HOW FISCALIZATION 2.0 RESHAPES VAT REPORTING

As of 1 January 2026, Croatia has fully implemented **Fiscalization 2.0**, introducing significant changes in the issuance and monitoring of **e-invoices**. The key development is not only mandatory B2B e-invoicing, but also the introduction of **e-Reporting**, enabling continuous digital oversight by the Tax Administration over invoice status, payments and rejections.

e-Reporting applies to domestic transactions subject to Croatian VAT and includes mandatory reporting of payments and invoice rejections, with a deadline set for the 20th day of the following month.

A key change concerns the input **VAT deduction right**, as rejecting an e-invoice automatically results in the loss of the right to deduct VAT. This increases transparency and enables real-time reconciliation between taxpayers and the Tax Authority.

The system also places strong emphasis on **payment tracking**, as partial and full payments now directly affect VAT treatment, especially for taxpayers applying cash-based taxation.

Fiscalization 2.0 also brings changes to **VAT reporting deadlines**, which are now aligned to month-end submissions for the previous period, while certain forms are being abolished. e-Reporting becomes the central tool for tax monitoring and analysis.

The new framework requires adjustments to internal processes, **ERP systems**, and payment control procedures to ensure compliance and reduce operational risks.

8.

MAINTENANCE COSTS AS A TOOL FOR TAX OPTIMIZATION

Many businesses view **maintenance costs** solely as operational expenses, although they can play an important role in **tax planning**. In the Croatian system, such costs are generally recognized as **tax-deductible expenses**, directly reducing the tax base.

It is essential to distinguish between **regular maintenance and capital improvements**. Routine expenses, such as repairs and servicing, are fully recognized in the year incurred. In contrast, investments that increase the value or functionality of assets are recognized through **depreciation** over a longer period.

Specific rules apply to investments in **third-party assets**, such as leased business premises, where larger expenditures are treated as long-term investments.

Proper **documentation** is crucial for tax recognition, including invoices, accurate accounting records and a clear link to business activities.

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