

INFORMATION - Croatia

Use and Enjoyment - VAT Directive 2006/112/EC - Article 59a

In Croatia, the use and enjoyment rule deriving from Article 59a of Directive 2006/112/EC does not apply to telecommunications, broadcasting and electronic services.

Reference to the above may be found in Article 26 (1) of the Croatian VAT Act.

Time of supply / chargeability - Deferment and Cash Accounting Scheme - VAT Directive 2006/112/EC - Article 66

In Croatia, the basic time of supply for goods and services is the earliest of the following events: the delivery of goods; the performance of services; or receipt of full or partial payment.

Reference to the above may be found in Article 30(1) of the Croatian VAT Act. and Article 36 (9) of the VAT Regulations.

Cash accounting scheme is not applicable to supply of telecommunication, broadcasting and electronic services provided to non-taxable persons.

Reference to the above may be found in Article 125 j (1) (f) of the Croatian VAT Act.

Time of supply / chargeability - Continuous supplies - VAT Directive 2006/112/EC - Article 64(2)

In Croatia, the supply of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons are generally completed when the supply takes place i.e. when their usage ends. When the service is being provided continuously over several tax periods, VAT becomes due at the end of each tax period during which the service is provided, regardless of whether an invoice has been issued or not.

Reference to the above may be found in Article 36 (4) of the Croatian VAT Regulations.

Re-valuation of services at open market value - VAT Directive 2006/112/EC - Article 80

The taxable amount of a supply of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons may be deemed to be the open market value where the services are provided:

- to family members;
- between persons with close personal ties;
- in case of financial and legal ties, including the relationship between employer and employee and/or their family members
- tie based on memberships, management or ownership:
 - a) where the consideration is lower than the open market value and the recipient of the supply does not have a full right of deduction
 - b) where the consideration is lower than the open market value and the supplier does not have a full right of deduction and the supply is subject to an exemption under Articles 39(1) and 40(1)(2) of VAT Act
 - c) where the consideration is higher than the open market value and the supplier does not have a full right of deduction

The open market value is considered to be the total consideration expected in a similar transaction between unrelated parties or an amount not lower than the total costs of rendering the service.

Reference to the above may be found in Articles 33 (9) and (10) of the Croatian VAT Act.

Bad Debt relief - VAT Directive 2006/112/EC - Article 90

Calculated VAT can be corrected in the tax period in which the selling price or part of the selling price was refunded to the taxpayer who has no right to deduct input VAT or to the final consumer and the taxable person has adequate evidence on the return of the selling price.

Reference to the above may be found in Article 160 (2) of the Croatian VAT Regulations.

Application of reduced VAT rates - VAT Directive 2006/112/EC - Article 98

In Croatia, no reduced VAT rates apply with respect to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

Reference to the above may be found in Article 38 (2)(3) of the Croatian VAT Act.

Standard VAT Rate - VAT Directive 2006/112/EC - Article 96-97

In Croatia the standard VAT rate is 25%.

Reference to the above may be found in Article 38 (1) of the Croatian VAT Act.

Release from payment of insignificant amounts of VAT - VAT Directive 2006/112/EC - Article 212

Croatia has not implemented rules under its domestic legislation whereby taxable persons are released from the payment of the VAT where the amount due is insignificant.

Invoicing Obligations - Obligation to issue an invoice - VAT Directive 2006/112/EC - Articles 217-249

According to the Croatian VAT Act an invoice must only be issued in relation to supplies to other taxable persons or to non-taxable legal persons. An invoice must however be issued in relation to supplies to non-taxable natural persons since invoicing rules deriving from the Croatian General Tax Act apply.

Reference to the above may be found in Article 78 (1)(1) of the Croatian VAT Act and in Article 54 (1) of the Croatian General Tax Act.

Invoicing Obligations - Content of an invoice - VAT Directive 2006/112/EC - Articles 217-249

Invoices for cash transactions or receipts from fiscal cash registers shall include at least the following information:

1. number of invoice and date of issue;
2. name (title), address and personal identification number of the supplier and an indication of the place where the supply took place (street number of the place of sale, business premises, shops, etc.);
3. quantity and usual commercial name, type and quantity of services;
4. the total amount payable and relevant taxes, specified by tax rates.

Reference to the above may be found in Article 54 (a) of the Croatian General Tax Act.

Also, those invoices and all the others, notwithstanding the means of payment, shall include at least the following information:

Personal identification number (OIB) of the taxpayer subject to fiscalisation, the date and time when the receipt was issued (hour and minute), receipt number, taxpayer's VAT status, total amount categorized by tax rates (the sum of the amount of consideration and the amount of tax, the tax-exempt amount), payment method, personal identification number (OIB) of the cash register operator and identification of the cash register operator (a person) and the security code of the issuer.

Reference to the above may be found in Article 2 (3) and 9 (1) of the Cash Payment Fiscalisation Act.

The Accounting Act in force from 1 January 2016 prescribes mandatory content of the bookkeeping documents.

According to Article (8)(3), each bookkeeping document, including the invoice when that document is considered as a bookkeeping document, should contain the following:

1. name and the number of bookkeeping document
2. a description of the business event and the identification of participants of business events containing their name and registered office or address
3. amount of money or a price per unit with the calculation of total sales
4. date of the business event if it defers from the date of issue
5. date of issuing of the bookkeeping document

According to Article (9) Accounting Act, the bookkeeping document should contain a signature of the responsible person or the person authorised to verify the bookkeeping document, if it is not issued in accordance with the tax rules that enable identification of the person who was in charge for the document.

Invoicing Obligations - Time limit for issuing an invoice - VAT Directive 2006/112/EC - Articles 217-249

According to the Croatian VAT Act, invoices issued for intra-Community supplies and B2B services must be issued to a taxable person or to a non-taxable legal person by the fifteenth day in the month following the month in which the taxable event occurred. The Croatian VAT Act does not provide guidance as regards invoicing of all local supplies of goods and services, and supplies of services that are not subject to B2B rule. Still, following stipulations of the General Tax Act and Accounting Act, invoices should be issued immediately at the moment of supply.

Reference to the above may be found in Article 78 (1)(4) of the Croatian VAT Act.

Invoicing Obligations - Summary Invoices - VAT Directive 2006/112/EC - Articles 217-249

According to the Croatian VAT Act - and where required - The taxable person may issue a summary invoice for several separate supplies, on the condition that the VAT on the supplies is due in the same calendar month.

Reference to the above may be found in Article 78 (5) of the Croatian VAT Act.

Invoicing Obligations - Electronic invoices - VAT Directive 2006/112/EC - Articles 217-249

According to the Croatian VAT Act - and where required - an invoice issued and sent electronically, subject to acceptance by the recipient, is also regarded as an invoice provided that authenticity of the origin, integrity of content and readability of the e-invoice is ensured.

Reference to the above may be found in Article 80 (1) of the Croatian VAT Act.

Invoicing Obligations - Batch of electronic invoices - VAT Directive 2006/112/EC - Articles 217-249

Where applicable, batches containing several electronic invoices are sent or made available to the same recipient by a taxable person; the details common to the individual invoices may be mentioned only once where, for each invoice, all the information is accessible.

Reference to the above may be found in Article 80 (5) of the Croatian VAT Act.

Additional obligations deemed necessary for collecting VAT and preventing evasion (anti-avoidance measures) - VAT Directive 2006/112/EC - Article 273

Croatia has not implemented any rules or anti-avoidance measures that may directly impact telecommunications, broadcasting and electronic services.

Stand-still scheme - Derogations for States which were members of the Community on 1 January 1978 - VAT Directive 2006/112/EC - Articles 370-391

N/A

Stand-still scheme - Derogations for States which acceded to the Community after 1 January 1978 - VAT Directive 2006/112/EC - Articles 370-391

There are no provisions which are applicable under the Stand-still Scheme in the Croatian VAT legislation or subject to common practice in Croatia that may be relevant for telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

VAT Treatment of vouchers

In practice, the issue of vouchers would generally be treated as an advance payment, i.e. the VAT shall become chargeable when the voucher is issued. Croatia has taken over provisions of Council Directive (EU) 2016/1065 of 27 June 2016 amending Directive 2006/112/EC as regards the treatment of vouchers in Croatian VAT act and shall apply them from 1 January 2019. Reference to the above may be found in Articles 11a, 11b, 11c and Article 33(11) of the Croatian VAT Act

Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (E-learning activities)

In Croatia, supplies related to education (with respect to school, university, professional education and change of qualification) performed by public bodies or other bodies with similar objectives are VAT exempt supplies, with no right to VAT recovery. The exemption also applies to education privately held by teachers with respect to primary, high school or university education performed based on educational plans and programs verified by the competent Ministry.

Reference to the above may be found in Article 39 (1) (i) and (j) of the Croatian VAT Act and Article 58 of the Croatian VAT Regulations.

However, there is no official guidance in Croatia regarding the VAT treatment of e-learning activities.

Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (Gambling activities)

According to the Croatian VAT Act, lotteries, games of chance within casinos, betting games and games of chance on machines are VAT exempt. This exception should also apply to E-gambling activities. However, there is no official guidance in Croatia regarding the VAT treatment of e-gambling activities and it is advised that such treatment is analysed on a case by case basis. There are no specific guidance in the Croatian legislation regarding the VAT treatment of bonus points/credits earned as part of e-gambling activities and such treatment should be analysed on a case by case basis.

Reference to the above may be found in Article 40 (1) (i) of the Croatian VAT Act and Article 72 of the Croatian VAT Regulations.

Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (General)

There are no further exemptions in the Croatian VAT legislation under which the supply of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons may fall.

VAT Registration Process

Instructions on the VAT registration process and the filing of VAT returns under the MOSS scheme can be found on the web page of the Croatian Tax Administration: <http://www.porezna-uprava.hr/PdviEu/Stranice/KakoPostatiKorisnikMOSS.aspx>

The potential beneficiaries-taxpayers apply through HR-MOSS portal on the web page of the Croatian Tax Administration and file a form with information about their company. After filing the form, potential users apply for registration. The request is filed and send for approval by Tax Administration. If the request is approved, the user receives an e-mail notification about the approval and his username and password. In case of refusal, the Tax Authorities will issue a rejection decision which will be delivered to a taxpayers via regular mail to the taxpayer.

Access to web-portal and contact details of the local VAT Authorities

Web portal for MOSS can be accessed through following link on the web page of Croatian Tax Administration:
<https://www.eusustavi.porezna-uprava.hr/wps/myportal>

General contact:

Ms Ines Tomić

Senior VAT advisor in the Tax Administration, Head Office

e-mail: ines.tomic@porezna-uprava.hr

Contact VAT obligations and reimbursements:

e-mail: mossprod@porezna-uprava.hr

Appointment of a VAT Agent

Currently it is possible for agents to file returns on behalf of a taxpayer but no specific information regarding the MOSS is currently available.

Penalties for non-compliance (Failure to register and late registration)

For failure to register or late registration the penalty is: HRK 1,000 - HRK 200,000 (approx. EUR 140 - EUR 26,700). Taxpayer's responsible person can be required to pay a fine of HRK 500 - HRK 40,000 (approx. EUR 70 - EUR 5,300). Reference to the above may be found in Article 130 (1) (3) and (2) of the VAT Act.

Penalties for non-compliance (Non-payment and late payment of VAT)

For failure to pay VAT the penalty is: HRK 2,000 - HRK 500,000 (approx. EUR 270 - EUR 66,700). Taxpayer's responsible person can be required to pay a fine of HRK 1,000 - HRK 50,000 (approx. EUR 140 - EUR 6,700). Late payment of VAT: an interest-penalty at the annual rate of 12% may be imposed to the taxpayer (applicable until 1 August 2015), from 1 August to 31 December 2015, the applicable penalty interest is 8,14%, from 1 January to 30 June 2016, the applicable penalty interest is 8,05% and from 1 July to 31 December 2016, the applicable penalty interest is 7,88%. The applicable penalty interest from 1 January 2017 is 7,68%. Reference to the above may be found in Article 131 (1)(24) and (2) of the VAT Act.

Penalties for non-compliance (Non-submission and late submission of VAT returns)

For no filing or late filing of VAT returns the penalty is: HRK 2,000 - HRK 500,000 (approx. EUR 270 - EUR 66,700). Taxpayer's responsible person can be required to pay a fine of HRK 1000 - HRK 50,000 (approx. EUR 140 - EUR 6,700). Reference to the above may be found in Article 131 (1)(23) and (2) of the VAT Act.

Penalties for non-compliance (Incomplete and incorrect VAT returns)

For incorrect VAT return the penalty is: HRK 2,000 - HRK 500,000 (app EUR 270 - EUR 66,700). Taxpayer's responsible person can be required to pay a fine of HRK 1000 - HRK 50,000 (approx. EUR 140 - EUR 6,700). Reference to the above may be found in Article 131 (1)(23) and (2) of the VAT Act.

Penalties for non-compliance (Non-compliance with invoicing and accounting obligations)

HRK 2,000 - HRK 500,000 (app EUR 270 - EUR 66,700). Taxpayer's responsible person can be required to pay a fine of HRK 1000 - HRK 50,000 (approx. EUR 140 - EUR 6,700). Reference to the above may be found in Article 131 (1)(25) and (2) of the VAT Act.