

## CROATIA

### SMALL AND MEDIUM ENTERPRISES AND TRANSFER PRICING

#### **1. Have you established a dedicated website/webpage as a single point of information for SMEs on transfer pricing matters? Alternatively, has information for SMEs on transfer pricing matters been made available electronically via an existing website/webpage? In which language(s) is the information available?**

No, there is no special website dedicated to SMEs.

Alternatively, the Handbook on Taxes for Companies is available on the web page of the Croatian Tax Administration (CTA) - <http://www.porezna-uprava.hr>. The Handbook on Taxes for Companies is also available in printed form in each regional/local tax office.

The Handbook refers to the Profit Tax Act (also available on CTA webpage), Article 13. That article contains the definition of the tax base in the case of business relations between associated resident and non-resident persons, the definition of associated persons and the methods for the establishment and assessment whether the business transactions between the associated persons are agreed at market prices.

On the CTA web page also contains a link to the Handbook on Application of Agreements on Avoidance of Double Taxation (available also in printed form in each regional/local tax office) where the terms related parties and transfer pricing are defined.

The Profit Tax Act is available on the CTA webpage also in English language.

#### **2. Do you have a single definition of SME that applies for most direct tax purposes?**

A single definition is given in The Accounting Act, Classification of entrepreneurs in Article 3:

“(1) Entrepreneurs, as defined by this Act, shall be classified as small, medium-sized and large entrepreneurs on the basis of the indicators determined at the last day of the financial year preceding the financial year in respect of which financial statements are drawn up according to the following criteria:

- total assets;
- revenue;
- average number of employees in the course of the financial year.

(2) Small entrepreneurs are those which do not exceed any two of the following conditions:

- total assets of HRK 32,500,000.00 (EUR 4,3 million);
- revenue of HRK 65,000,000.00 (EUR 8,6 million);
- average number of employees in the course of the financial year: 50.

(3) Medium-sized entrepreneurs are those which exceed any two of the conditions referred to in paragraph 2 of this Article, but do not exceed two of the following conditions:

- total assets of HRK 130,000,000.00 (EUR 17,3 million);
- revenue of HRK 260,000,000.00 (EUR 34,6 million);
- average number of employees in the course of the financial year: 250.

(4) Large entrepreneurs are those which exceed any two of the conditions referred to in paragraph 3 of this Article.”

#### **3. Do you apply a specific SME definition for transfer pricing purposes?**

No.

**4. What specific services for SMEs are in place e.g. advanced pricing agreements, dispute resolution (pre- or post-audit), etc.? Is information on these services available electronically on the website(s) identified in question 1 or elsewhere? In which language(s) is the information available?**

There are no specific services available for SMEs.

**5. Are training materials made available to SMEs electronically via the website(s) identified in question 1 or elsewhere? In which language(s) is the information available?**

No.

**6. Is information on procedures to provide SMEs with advance certainty on transfer pricing issues (e.g. advanced pricing agreements, rulings and clearances) available electronically via the website(s) identified in question 1 or it is only available from some other source? In which language(s) is the information available?**

No, it is not available either electronically via the website, or in some other form.

**7. Is there a dedicated contact point available to SMEs for transfer pricing compliance issues?**

No, there is no dedicated contact point for SMEs. Regional tax offices are contact points for all taxpayers. Also the taxpayer can contact the Central office in case of any specific questions.

**8. Is there a dedicated contact point for advanced pricing agreements, clearances and rulings available to SMEs?**

See reply to Q7.

**9. Is there a dedicated contact point available to SMEs who want to claim relief from double taxation as a result of a transfer pricing adjustment?**

See reply to Q7.