



## Tax&Legal Highlights

### Croatia

#### Amendments to the Croatian Personal Income Tax Legislation from 1 September 2019

The Amendments to the Personal Income Tax Regulations were published in official Gazette no. 80/19 effective from 1 September 2019. We present a summary of the main amendments below.

The non-taxable full daily allowance for domestic business travel/field work allowance has increased from HRK 170 to HRK 200, while the amount of domestic daily allowance for business trips lasting more than 8 hours and less than 12 hours increased from HRK 85 HRK to HRK 100. Increased daily allowance may be paid for business trips from 1 September 2019 onwards.

New non-taxable compensations and allowances haven been introduced, which can be paid out/reimbursed to employees under certain conditions:

- Lump sum for meal expenses up to HRK 5,000 per year
- Meal expenses for persons with an employment contract of up to HRK 12,000 per year, provided that the expenses are invoiced to the employer and are not paid in cash
- Accommodation expenses for persons with an employment contract up to the actually incurred amounts, provided that accommodation services are invoiced to the employer and are not paid in cash (does

not apply to garage rental and utility costs). The employee may also conclude a rental contract with the lessor, whereby they must provide the employer with a copy of the rental contract or a copy of the invoice based on which the employer will reimburse the accommodation cost as non-taxable.

- Hospitality allowance (tourist and other services) intended for employees' vacation in the amount of up to HRK 2,500 per year in accordance with special regulations of Ministry of Tourism (this provision will come into force when the special regulations are voted on)
- Reimbursement of regular childcare services cost, based on the preschool institution documentation up to the actually incurred costs. Additional programs are not considered as regular childcare services (e.g. language lessons, etc.).

Lump sum for meal expenses (up to HRK 5,000 per year) and meal allowance (up to HRK 12,000 per year) are mutually exclusive for the same period. If the employer provides its own meals and/or accommodation services to employees, credible documentation must be kept.

## Contacts Details

### Katarina Pavlovic

#### Senior Manager

Tel: + 385 1 2358 214

Email: [kpavlovic@deloitteCE.com](mailto:kpavlovic@deloitteCE.com)

## Council Directive (EU) 2018/822

### Additional requirements for transparency regarding cross border arrangements

EU Council has adopted Directive 2018/822 („Directive“) amending Directive 2011/16/EU with regards to **mandatory automatic exchange of information in field of taxation in relation to reportable cross-border arrangements**. The following segments provide key information:

Taxpayers (including their advisors, i.e. intermediaries) will be obliged to **publicly disclose information** on potentially aggressive cross border arrangements.

Directive defines generic and specific „hallmarks“ of the arrangement, which present a strong indication of tax avoidance or abuse.

The provisions apply to both related and unrelated party transactions, but further in detail separately define potentially aggressive related party cross border arrangements.

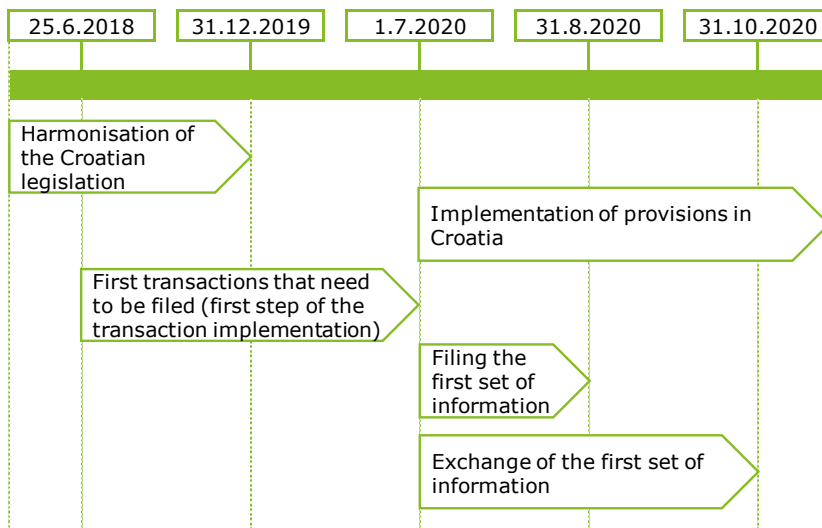
Tax authorities will automatically exchange information.

Penalties will be determined for not filing information, partially or inaccurate publishing information on potentially aggressive tax cross border arrangements.

Taxpayer or intermediary will be obliged to **file information on cross border arrangements within 30 days** beginning:

- a) On the day after the reportable cross-border arrangement is made available for implementation;
- b) On the day after the reportable cross-border arrangement is ready for implementation;
- c) when the first step in the implementation of the reportable cross-border arrangement has been made; whichever occurs first.

**Important dates:**



**Contacts Details**

**Dražen Nimčević**

**Partner**

Tel: +385 (1) 2351 917

Email: [dnimcevic@deloittece.com](mailto:dnimcevic@deloittece.com)

**Natko Sertić**

**Partner**

Tel: +385 (1) 2352 142

Email: [nsertic@deloittece.com](mailto:nsertic@deloittece.com)

**Petra Bulić**

**Senior Manager**

Tel: +385 (1) 2351 974

Email: [pbulic@deloittece.com](mailto:pbulic@deloittece.com)

## **Register of Beneficial Owners**

**Central online database which contains information about beneficial owners of legal entities and trusts where they need to enroll by December 31, 2019.**

The Register of Beneficial Owners (The Register) is established on the basis of Articles 32-36 of the Anti Money Laundering and Terrorist Financing Law (Lex). The Lex is in line with European anti-money laundering regulations. The primary purpose of the Register is to increase the transparency of beneficial ownership data, reduce the possibility of misuse to conceal the identity of beneficial owners as potential committers of money laundering offenses, including tax fraud, and to prevent the financing of terrorism.

### **Who is beneficial owner?**

Any natural person (or persons) who is the beneficial owner of the legal entity, controls the entity or controls it in some other way, and/or the natural person(s) on whose behalf the transaction is being conducted, including that natural person(s) exercising extremely effective control over the legal entity or legal arrangement.

### **Who is obligated to join the Register?**

- Companies
- Branch offices of foreign companies
- Associations
- Foundations
- Trust
- Institutions of which the Republic of Croatia or the unit of local and regional self-government is not the sole founder

### **Deadline for data entry in the Register**

- December 31, 2019
- For legal entities established after December 1, 2019, the enrollment deadline is 30 days from the date of establishment
- In case of changes in the ownership structure, an update in the Register must be made within 30 days of those changes in ownership

### **How to enroll for the Register?**

The Tax Administration shall supervise the submission, registration, updating and accuracy of the data entered in the Register of Beneficial Owners. In the procedure of supervision, the Tax Administration will determine does the entity has complete and accurate data, and whether the entity has entered the data in the prescribed manner and within the prescribed deadlines.

### **Sanctions**

- Legal entities that have failed to register in the Register within a specified deadline can get a fine in the range of HRK 5,000 to HRK 350,000.
- For a board member or other responsible person in the legal entity, fines are between HRK 5,000 and HRK 75,000.

The Tax Administration shall supervise the submission, registration, updating and accuracy of the data entered in the Register of Beneficial Owners.

## **How can Deloitte help you?**

Our experts can assist you in all steps necessary for accurate and proper entry in the Register, including identification of beneficial owners, any legal issues related to such determination, and ensure that each step is in accordance with the Law.

## **Contacts Details**

### **Helena Schmidt**

#### **Partner**

Tel: +385 1 2351 918

Email: [hschmidt@deloittece.com](mailto:hschmidt@deloittece.com)

### **Marija Buljan Gelo**

#### **Senior Manager**

Tel: +385 1 2358 222

Email: [MBuljanGelo@deloittece.com](mailto:MBuljanGelo@deloittece.com)

### **Marija Juran**

#### **Manager**

Tel: +385 1 2351 990

Email: [mjuran@deloittece.com](mailto:mjuran@deloittece.com)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

Deloitte Central Europe is a regional organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited, the member firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities. The subsidiaries and affiliates of Deloitte Central Europe Holdings Limited are among the region's leading professional services firms, providing services through nearly 6,000 people in 41 offices in 18 countries.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.