



Grants and incentives in Croatia

1. Croatian Investment Promotion Act

Stimulating investments

Investment incentives apply in cases where one or more of the following objectives are met:

- Purchase of new equipment and modern technologies
- Increased employment and level of training of employees
- Development of products and services with higher added value
- Increase in entrepreneurial competitiveness
- Balanced regional development of Croatia.

The application should be submitted before commencement of the investment project.

Cash incentives for creating new jobs related to the investment project

A cash incentive is awarded as the percentage of the total two-year gross wage as follows:

- 10% of approved job creation expenses, up to EUR 3,000, per each new job created in counties with unemployment rate below 10%
- 20% of approved job creation expenses, up to EUR 6,000, per each new job created in counties with unemployment rate of 10–20%
- 30% of approved job creation expenses, up to EUR 9,000, for each new job created in counties with unemployment rate above 20%.

Tax advantages for SMEs and large enterprises:

Investment (EUR)	Reduced profit tax (%)	Duration – years	Category	Category	Number of newly created jobs
50,000 <	50% lower corporate income tax for a period of 5 years			Micro (under 10 employees)	3
150,000 – 1,000,000	50% lower corporate income tax for a period of 10 years			SME and large	5
1,000,000 – 3,000,000	75% lower corporate income tax for a period of 10 years			SME and large	10
3,000,000 <	100% lower taxable base for corporate income tax for a period of 10 years			SME and large	15

2. Strengthening research, technological development and innovation (R&D&I) in enterprises

The Ministry of Economy has published a public call in order to strengthen research, technological development and innovation (R&D&I) in small, medium and large enterprises. The funding is provided by the European Regional Development Fund.

The overall goal is boosting the economy through investments in R&D&I.

Project/investment results must demonstrate commercialization potential of either products or services. Cooperation between enterprises and R&D&I institution is highly desirable.

Thematic areas

Project proposals need to be aligned with the Croatian Smart Specialization Strategy and its thematic areas, such as: *health and life quality, energy and sustainable environment, traffic and mobility, security and/or food and bio-economy*. Inter-sectoral themes include key enabling technologies and ICT.

EUR 100,000,000 is allocated to this open call. The grants range from EUR 25,000 to EUR 7,500,000 per project.

3. Investment in equipment and production technology of small and medium enterprises (SME)

The Ministry for Entrepreneurship and Small Business has published a public call in order to increase the economic activity and competitiveness of SMEs. It will be financed by the European Regional Development Fund.

The aim of the call is to strengthen the competitiveness of SMEs by providing the support for the creation and expansion of capacities for the development of processes, goods and services, for maintenance and increase of employment, added value, sales on foreign markets and support for adoption of new solutions and technologies.

The total allocation amounts to **EUR 150,000,000**, and the grants will be available through **permanent open call** for project applications until the available resources are used up (or until 31 December 2020). **The grants range from EUR 67,000 to EUR 2,000,000 per project.**

Deloitte's assistance

- We can help you to identify grants and incentives which will fit the needs of your business;
- Provide professional advisory services related to documentation preparation and filing of the grant application to the relevant authority;
- Management of the process of filing the grant application;
- Consulting and coordination during the period of conclusion of contract for the use of grants;
- Provide professional advisory services in the contract implementation period (e.g. preparation of project workflow reports);
- The audit of compliance with the obligations under the existing aid agreements.

Contacts:

If you are interested in further information regarding our services, please contact our Tax Department consultants.

Sonja Ifković
Director

Tel: + 385 1 2351 915
Mob: +385 91 3535 091
sifkovic@deloittece.com

Ana Buljan
Senior Consultant

Tel: + 385 1 2351 145
Mob: +385 91 4646 091
abuljan@deloittece.com

Nina Perić
Senior Consultant

Tel: + 385 1 2351 962
Mob: +385 91 2204 091
nperic@deloittece.com

