WHO IS OBLIGED TO REGISTER FOR VAT PURPOSES IN CROATIA?

Taxable persons from European Union Member States that supply goods and perform services on the territory of the Republic of Croatia, for which the place of taxation is in the Republic of Croatia (unless the Croatian recipient of goods and services pays VAT), or whose supplies of goods exceeds Croatian supply threshold or if they opt not to apply Croatian supply threshold of HRK 270,000 (appx. € 36,000), are obliged to request from the Tax Administration the allocation of VAT ID number at least 15 days before commencement of providing such transactions.

WHAT ARE TYPICAL SITUATIONS WHERE FOREIGN COMPANIES MUST REGISTER FOR VAT PURPOSES?

- Sales via the internet or catalogues to Croatian consumers (distance selling) if threshold is exceeded
- Organising live events with paid admission
- Importing goods
- Buying and selling goods from Croatian territory
- Services to consumers in connection with real estate located in Croatia
- Intra-community supplies directly to Croatian consumers over the local reporting threshold.

WHAT IS REQUIRED DOCUMENTATION FOR VAT REGISTRATION?

Tax forms are generally only available in Croatian. This means that when a foreign company registers for Croatian VAT, the correspondence with the jurisdictional tax authorities must be in the Croatian language.

In order to register Client for VAT purposes Mazars Croatia carries out all the specific tasks to fulfil below listed requirements.

Firstly, in order to obtain a VAT ID number, on behalf of Client, Mazars Croatia requires following documentation:

- Commercial Court Certificate (Act of the Establishment or excerpt from the court register)
- Verified power of attorney
- Statement of planned business operation in Croatia
- A certificate proving the foreign person’s registration by the tax administration as a taxable person in its country of origin.

It must be emphasized that Client should provide original documents (signed and stamped) and send it by post to our address in order to be officially acknowledged by Tax Administration.
How long does it take to obtain the VAT ID number after the collection of required documentation?

After we collect all required documentation from Client, and translate it to Croatian language, along with that documents we submit following forms to the Tax Administration:

- Application for registration for value added tax purposes (P-PDV Form) and
- Application for the assignment of personal identification number (OIB).

Upon verification of submitted documentation and forms, Tax Administration immediately, no later than 8 days after submission, allocates VAT ID number to a taxable person.

What to do after registration for VAT purposes?

After registration process taxable person must submit periodic VAT returns detailing all inbound and outbound invoices. For taxable persons who have intracommunity transactions VAT returns must be filed and submitted on a monthly basis.

Deadline for submission of monthly returns is the 20th of the following month and the payment obligation for VAT is the last day of the month following the end of the tax period.

Bearing in mind gap of 5 days for cross-border payments, we would strongly recommend paying no later than 25th in the month following the end of the tax period.

It is necessary to emphasize that amounts in VAT returns must be expressed in HRK. In order to meet legislation, the middle exchange rate of the Croatian National Bank (exceptionally European Central Bank) shall be applied for the conversion into HRK at the day VAT becomes chargeable. Conversion between currencies other than the euro shall be made by using the euro exchange rate of each currency.

VAT rates applicable in Croatia

The standard VAT rate in Croatia is 25%. There is a reduced VAT rate of 13% valid in general for accommodation, newspapers and food. VAT at a rate of 5% is applicable for specified books, foodstuffs and medical equipment.

What are the reporting obligations for Intrastat in Croatia?

Person under obligation of reporting to Intrastat is every business entity, VAT taxpayer, whose annual value of trade with EU countries exceeds the threshold.

Declaration must be filed monthly, once the annual threshold is exceeded and can be submitted online. The due date for submission is the 15th day of the month following the end of the tax period.

The Intrastat threshold for 2016 for arrivals and dispatches is HRK 1,800,000 (approx. EUR 240,000).

Conclusion

- VAT registration threshold for non-resident traders selling directly to Croatian consumers is HRK 270,000 (appx. € 36,000)
- Other situations before under “What are typical situations where foreign companies must register for VAT purposes?”
- In order to register for VAT purposes Client shall collect all stated documentation
- Tax Administration allocates VAT ID number within 8 days upon submission
- VAT returns must be filed on a monthly basis for taxable persons who have intracommunity transactions
- VAT obligation shall be applied in Croatian Kuna (HRK).

How can Mazars Croatia help you at VAT registration in Croatia?

Mazars Croatia would be pleased to assists you in VAT registration process, lead the communication with the Croatian Tax Administration and help you with the submission of the periodic VAT returns.

If you have any questions related to VAT registration process in Croatia feel free to contact us. We are looking forward to helping you.
MAZARS IN CROATIA

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