



CROATIA

Croatia - Civil Law

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Incorporating a company in Croatia

Croatia taxes

If you want to start a business venture in Croatia, this article explains the tax laws for a LLC(DOO) which is the most common legal entity in Croatia.

Croatia imposes corporate tax on resident companies worldwide income. The prevailing tax rate for offshore income, from our research, but seek professional advice, is 18%. Croatia may have exemptions to bring in certain income earned outside the borders. Taxes are lower than average in Croatia as the headline corp. tax rate is 18%. Companies with annual income under HRK 3m may be subject to a reduced CIT rate of 12%. Croatia ranks 62nd overall in terms of corp. taxation rate internationally.

The VAT rate in HR is 25.00%, that ranks Croatia as 171st overall in terms of value added tax rate worldwide. In terms of other taxation, an employer will contribute 17.20% to the equivalent of a social security fund and an employee will contribute 20.00%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 96 hours. Contributing to this is the number of yearly labor tax payments, which is 1 in HR.

Thin capitalisation mandates are officially enacted. This refers to any sort of restrictions on given company with respect to debt-to-asset ratios. Dividends income is not subject to Corporate Income Tax. Dividends are payments of earnings of the business, passed by the board, to a class of its shareholders. Dividends can be issued as cash payments, shares of stock, or other property. Capital Gains are considered ordinary income and subject to Corporate Income Tax. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 15%. Which means that the tax authorities expects LLC(DOO)'s to pay tax on at least 15% of money remitted abroad on interest payments, unless payments are under the EU interests directive or rate is reduced under a tax treaty. The dividends withholding tax rate is 12%. Which means that the relevant tax authorities expects companies to pay tax on at least 12% of dividends paid to non-residents, unless payments are under the EU parent-subsidiary directive or rate is reduced under a tax treaty. The royalties withholding tax rate is 15%. Which means that the taxman expects LLCs to pay tax on at least 15% of money remitted abroad on royalty payments, unless payments are under the EU royalties directive or rate is reduced under a tax treaty. There is no known tax on wealth in Croatia. There are inheritance, transfer and real property taxes in HR. There are frequently implemented research and development tax incentives in Croatia.

The above is not tax or legal advice for your company circumstances. We are able to help you to find to an expert in Croatia who can give you the proper advice and help you need. Ready to get started? Click the free consultation button above.

The vat rate in Croatia is 25% which ranks 171 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 58 Tax treaties**
- 18% Offshore Tax**
- 18% Corp rate**
- Loss carryback years**
- 60 Corporate time**
- 25% VAT rate**
- 18% Capital gains**
- 2017 AEOI planned**

Croatia Legalese

For starters, the law in Croatia is civil law law. You will want to get some local advice as to how to best structure a company in Croatia. Electronic signatures are permitted.

The country code HR is for Croatia and the most common legal entity type in Croatia is a LLC(DOO).

The time to setup is usually 9 Days to setup a LLC(DOO) in HR. The types of currencies you can use to capitalize your business is frequently HKR legal tender.

Yes, one is allowed to re-domicile a LLC(DOO) from HR. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC(DOO) in HR by yourself. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is permitted, up to % of the ownership of the LLC(DOO).

A legal entity is only required to have one director. Additionally, corporate directors are not permitted. Directors can have some expectation of privacy, as they are not disclosed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an agent which can receive any official legal correspondance on behalf of the registered legal entity. Furthermore, a corporate secretary is not a requirement.

There is a legal obligation to file accounts on a yearly basis. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Croatia is a ok option and have given it a score of 61 as an IO score, using the Incorporations.IO proprietary formula.

- ✓ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 9 Days to form**



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Country Info



🚩 National Flag of

**Republika Hrvatska
(hrv)**

\$ Currency

HRK

☎ Area Code

+385

🏰 Capital

Zagreb

📍 Region

Southern Europe

🌿 Native Languages

Croatian