

Ideas that pay off.

Monthly Newsletter

September, 2021

CONFIDA.HR

New grant measures for the preservation of jobs for September

By the decision of the Croatian Employment Service Management Board, a [new grant measures for the preservation of jobs](#) in the activities of reduced economic activity for September 2021 is adopted.

The measures are intended for employers from the sector of reduced economic activity, and their goal is to retain workers whose economic activity has been disrupted due to special circumstances.

Measure for September is intended for employers from the following sectors:

[1. Administrative and support service activities](#) – only rental and leasing activities and travel agencies, tour operators and other reservation services and related activities

[2. Arts, entertainment, and recreation](#) – only creative, artistic and entertainment activities, entertainment, and recreational activities and production and showing of films and video films, sound recording and music publishing activities and distribution thereof

[3. Organizers of cultural, business, and sports events](#) – organizers of fairs and weddings, and related activities – companies for equipment rental, audio, and video recording, ticket sales, hall rental, and other companies that generate most of their income from events and public gatherings

[4. Translation activities and interpreter services](#)

[5. Employers from the area where the catastrophe caused by the earthquake was declared](#) – for the area of Sisak-Moslavina, Zagreb, and Karlovac counties, regardless of the activity with proof of falling income/receipts, in a case when due to objective reasons business-production processes are significantly reduced or disabled

[6. Employers who are partially and/or completely prohibited from working by decisions of the Civil Protection Headquarters](#) (national, county, local self-government units) of the headquarters, regardless of the activity.

All employers who have registered their activity and registered with the HZMO system of insured persons by February 28, 2021 can use the measure for September for workers employed by 31 August 2021 at the latest.

To receive the grant, employers will need to prove that by October 25, 2021, 70 percent or more of the workers for whom the employer seeks support have an EU digital COVID certificate or have acquired the conditions for obtaining it following the rules on issuing EU digital COVID certificates in the Republic Croatia.

Exceptionally, if on October 25, 2021, less than 70% of the workers for whom the employer seeks aid hold or have obtained the requirements for an EU digital COVID certificate, the percentage of aid is granted following the percentage of workers who have obtained the conditions or have an EU digital COVID certificate and this of the total amount of support for all workers for whom the employer seeks the grant.

Thus, the payment of monthly salary costs for September 2021 will be approved for applications received from September 25 to October 24, 2021.

The authorities, in cooperation with the CES, will exchange data on the possession of the EU digital COVID certificate (or acquired conditions for possession) and verify the veracity of the data.

We note that the Croatian Employment Service, following the General Provision on Data Protection, will not have access to the personal data of employees, but will exchange and process them as statistical data.

The Croatian Employment Service will thus receive only a percentage of workers with an EU digital COVID certificate, or those who have acquired the conditions for it, from the competent institutions.

Ideas that pay off.

Monthly Newsletter

September, 2021



CONFIDA.HR

Per diem for Business trip abroad

Expenses for business travel and the right to a daily wage in the country and abroad, in tax terms, are regulated by the provisions of the [Income Tax Act](#) and the [Ordinance on Income Tax](#). Although the provisions are prescribed, the right to a per diem for a business trip is not originally a worker's right, but only prescribes what can be paid tax-free and in what amount.

Business trip in-country and abroad

A business trip abroad is considered to be a trip of [up to 30 days continuously](#), from the Republic of Croatia to a foreign country, and a trip from one country to another, i.e. from one place to another in the territory of a foreign country. The total duration of the business trip includes a part of the business trip in the country, so the right to the number of per diems is [determined according to the total duration of the business trip](#).

The decision on the amount of per diem for business trips abroad, for users financed from the state budget, prescribes the amounts of per diems that can be paid tax-free to workers who officially travel abroad. Thus, non-taxable fees for per diems for business trips to the home country lasting more than 12 hours a day and per diems for fieldwork in the home country amount to [HRK 200,00](#). Per diems for a business trip in the country that lasts more than 8 hours and less than 12 hours a day amount to [100,00 HRK](#).

[Non-taxable fees](#) for business trips abroad lasting more than 12 hours a day and per diems for fieldwork abroad are determined by regulations on expenditures for business trips for users of the state budget, and per diems for business trips abroad lasting more than 8 hours, and less than 12 hours a day, up to 50% of the amount is determined by the regulations on expenditures for business trips for users of the state budget.

Reimbursement of transport costs and accommodation costs is determined by the number of actual expenses.

Calculation of domestic and foreign per diems

The right to a foreign daily subsistence per diem is determined first, and then to the domestic daily subsistence per diem, considering the total number of hours and/or days spent on business trips. For example, if a person spent a total of more than 8 or 12 hours on a trip, and less than 8 hours abroad – the corresponding domestic per diem is paid (considering the total number of hours spent on the trip at home and abroad).

[Simplified, of the total number of hours spent on a business trip, the right to a foreign daily wage is determined first, and then to a domestic one.](#)

The right to a foreign per diem is determined by the number of hours spent abroad, which means that it is necessary to spend 8 hours abroad to exercise the right to half the foreign per diem, or 12 hours to exercise the right to a full foreign per diem.

Therefore, when calculating per diems, the right to the total number of per diems should always be determined first based on the total duration of the business trip. Then the right to a foreign per diem should be determined according to the number of hours spent abroad, and the domestic per diem should be determined from the remaining hours. In this way, you also control the number of calculated per diems, because if you determine the per diems separately according to the number spent in the country and abroad, it is very easy to get the wrong number of foreign and domestic per diems.

Under the provision of Article 7, paragraph 7 of the Ordinance on Income Tax Act, the per diem may be paid for business trips or work in the field, at home, or abroad.

For the non-taxable payment of per diems, the provisions of Article 7, paragraphs 8, 11, 14, 15, 18, 19, 20, 28, 29, 30 prescribe various criteria. Find out more on the next page of the newsletter.

Ideas that pay off.

Monthly Newsletter

September, 2021



Per diem for Business trip abroad – continued

Criteria for the duration of the trip – A business trip in the country is considered to be a trip of up to 30 days continuously, to perform certain business jobs in the order for a business trip, in connection with the employer's activities.

Criteria for the duration of a business trip abroad – A business trip abroad is a business trip of up to 30 days continuously from the Republic of Croatia to a foreign country and vice versa, and a trip from one country to another and from one place to another in a foreign country.

Criteria for the distance – Per diems for business trips in the country and abroad are fees to cover the expenses of food, drinks, and transport in the place where the worker is sent on a business trip from the place of work or from the place of work residence of the worker who is sent on a business trip to another place (except to the place where he has a permanent or usual residence), and distances of at least 30 kilometers. If one meal (lunch or dinner) is provided on a business trip at the expense of the employer, the non-taxable amount of per diem paid in cash is reduced by 30% or 60% if two meals (lunch and dinner) are provided. Breakfast included in the price per night is considered the cost of the night and is not considered a guaranteed meal.

Criteria for payment of per diem and insurance of accommodation – Expenditure for accommodation on a business trip is calculated in the amount of the received bill for the night.

Determining a foreign per diem

The foreign daily per diem determined for the foreign country to which one officially travels is calculated from the hour of crossing the border of the Republic of Croatia, and the daily per diem determined for the foreign country from which one arrives, until the hour of crossing the border of the Republic of Croatia.

If **air transport** is used for a business trip abroad, the foreign daily per diem is calculated two hours before the scheduled departure time of the aircraft from the last airport until the time of arrival of the aircraft at the first airport in the Republic of Croatia.

If **a ship** is used for a business trip abroad, the per diem is calculated from the hour of departure of the ship from the last port in the Republic of Croatia to the hour of the return of the ship to the first port in the Republic of Croatia.

Business trip through multiple countries

If the official trip is to more than one country, the daily per diem determined for the foreign country where the business trip begins is calculated, and the return per diem determined for the foreign country where the business trip ended is calculated.

For each stop, i.e., travel through a foreign country that lasts longer than 12 hours, a daily per diem is calculated for that foreign country, and any stay in a foreign country shorter than 12 hours is calculated for the time spent in the next country where it was spent.

The decision on the amount of per diem for a business trip abroad for users financed from the state budget, which recognizes these costs as material costs, for individual countries can be found [HERE](#).

Ideas that pay off.

Monthly Newsletter

September, 2021



CONFIDA.HR

Per diem for Business trip abroad – continued

For everything to be orderly and valid, it is necessary to take care of a proper and credible travel order as well as the attached documents proving the expenses (and other data stated on the travel order).

Travel order

Expenses for business trips (per diems, transportation costs, fees for the use of a private car for official purposes, accommodation costs, etc.) are calculated based on a proper and credible travel order and attached documents proving expenses and other information provided on the trip.

Regardless of the form in which it is issued, the travel order as an authentic document contains, in particular, the following information:

Date of issue,
Name and surname of the person who is sent on a business trip,
The place where the person travels,
Purpose of travel,
Travel time,
In which time the person starts their business trip,
Data on the means of transport used (if traveling by car, it is necessary to state the make and registration number of the car, the initial and final state of the meter – kilometer/hour),
Time to return from the trip,
Signature of the authorized person,
Cost calculation,
Liquidation of accounts, and
Road report.

The travel order must be accompanied by documents proving the incurred expenses, in particular:

Toll invoices,
Copies of confirmations of travel tickets,
Accommodation bills and others, regardless of how the expenses are settled

(Article 8, paragraph 2 of the Ordinance on Income Tax).

Business travel expenses, per diem calculations, travel orders, all of this can be very confusing, and with this article, we hope, it will become simpler. However, in case of doubts, contact Confida's team of experts with confidence and leave all doubts to us.

Ideas that pay off.

Monthly Newsletter

September, 2021



CONFIDA.HR

Obligators of the Annual Audit Financial statements for 2021

Under Article 41 of the Audit Act, auditors are obliged to select and appoint an audit company no later than three months before the end of the reporting period to which the statutory audit relates – i.e. by 30 September 2021 for the audit of annual financial statements for 2021.

Entrepreneurs who are subject to audit independently form the criteria for the selection of the audit company, and these are usually the price, quality of the audit, the reputation of the audit company, and the like.

Entrepreneurs who are not subject to audit are advised to audit their financial statements regardless of the absence of a legal obligation and use the auditor's knowledge to make all adjustments and harmonize their operations with legal regulations, International Accounting Standards (IAS), and financial reporting standards.

Deadlines for publication of audit reports:

The deadline for publishing audited reports, ie audit reports, is six months from the last day of the business year.

Entrepreneurs liable for public disclosure, which compile annual consolidated reports, are obliged to publish them, together with the audit report, no later than nine months from the last day of the business year.

Trade unions and employers' associations are obliged to submit to the Ministry of Finance an audit report on the audit of the annual financial statements for the previous year no later than 30 June of the current year.

Non-profit organizations are obliged to publish on their websites the audit report on the performed audit for the previous year, no later than June 30 of the current year.

Appointment of auditors – The deadline for the appointment of an auditing company is legally determined, and the company's Management Board should select and appoint an auditor by 30 September of the current year at the latest. If the Management Board does not select and appoint an auditor, following Article 68 of the Audit Act, there is a risk of paying a fine of HRK 20,000 to 100,000.

Submission of financial reports (statistics) and income tax returns – The Company's Management Board is obliged to submit the Financial Statements for statistical purposes and the income tax return for the previous year by 30 April of the following year at the latest. Auditors who do not submit the Annual Financial Report (AFS) and all prescribed documentation for statistical and other purposes risk a fine of 10,000 to 100,000 kuna.

Public disclosure of financial statements – The Company's Management Board is responsible for submitting financial statements for public disclosure for the previous year (or six months after the end of the business year), no later than June 30 of the following year.

Public disclosure of consolidated financial statements – The Company's Management Board is obliged to submit consolidated financial statements for public disclosure for the previous year (or nine months after the end of the business year), no later than 30.9. next year.

Ideas that pay off.

Monthly Newsletter

September, 2021



CONFIDA.HR

Tax rate of Cities and Municipalities in 2021

The representative body of local self-government units may prescribe the payment of income tax and additional tax, which we call surtax, to the taxpayers of income tax from their area. Surtax belongs to the unit of local self-government in the area which is the residence or habitual residence of the person liable to pay a surtax on income tax.

The representative body of local self-government units takes the already determined amount of income tax as the basis for surtax, and the surtax is determined based on:

- In municipalities – between 0 and 10%
- In cities with less than 30 thousand inhabitants – 0 to 12%
- In cities with more than 30 thousand inhabitants – 0 to 15%,
- In the city of Zagreb – 0 to 30% (currently 18%).

Currently, 299 cities and municipalities in Croatia (of 576 in total) have a surtax, which is more than half of all local government units. The surtax was designed as an additional source of revenue for municipalities and cities at a time when the state kept part of the income tax for itself (until 2018), and left part of it to cities and municipalities.

Surtax as such is levied on income tax from the salaries of employees and pensioners and is calculated on interest from citizens' savings, dividends, and everything else that is subject to income tax.

Click on the button below to see the table of valid surtaxes on income tax by cities or municipalities published on the official website of the Tax Administration.



TABLE OF SURTAXES

CONFIDA

Ideas that pay off.

Monthly Newsletter

September, 2021

Tax advices
for entrepreneurs



This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to our advisors for specific advice.

CONTACT



Confida – Revizija d.o.o.

Confida – Zagreb d.o.o.

Poljička ul. 5/V
10000, Zagreb

+385 1 4606 900

www.confida.hr

Christian Braunig
Managing Partner
e-mail

Frane Garma
Director
e-mail

CONFIDA