

CONFIDA

Ideas that pay off.

Monthly Newsletter

June, 2022

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I. PREPARATIONS FOR THE EURO INTRODUCTION – GUIDELINES FROM THE MOST IMPORTANT PARTS OF THE ACT ON THE EURO INTRODUCTION AS THE OFFICIAL CURRENCY IN CROATIA

In mid-July 2020, the European Commission welcomed the decision to include Croatia in the European Exchange Rate Mechanism (ERM II), a key step towards joining the eurozone. Croatia is close to the eurozone, and the planned introduction of the euro on January 1, 2023, is getting closer and more likely.

The exchange of the kuna for the euro takes place in three periods; the preparatory period, the dual circulation period, and the period after the completion of the dual circulation. The first or preparatory period can start five months before the introduction of the euro, ie from the day when the Council of the European Union decides that Croatia introduces the euro and sets an official fixed exchange rate that will last until the day of the euro (expected decision in July 2022).

ORGANIZATION OF ACTIVITIES IN THE PROCESS OF REPLACING THE KUNA WITH THE EURO

The National Council for the Introduction of the Euro is in charge of leading the entire process, as well as adopting strategic guidelines and setting all deadlines. The National Council set up six coordination committees, where each developed an action plan in its area. Coordination committees are obliged to implement action plans, and for everything to go smoothly, the main coordinators were appointed at the suggestion of the leading institutions. Coordination committees are under the supervision of the Steering Committee, which is in charge of coordinating the work of coordination committees at the operational level, and the coordination committees are obliged to report to them regularly.

LEGISLATIVE FRAMEWORK ADAPTATION

The adjustment of the legislative framework of the Republic of Croatia is necessary to ensure legal certainty after the introduction of the euro as the official currency. In legislative activities, two main activities are planned:

1. Preparation of the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia

- Creating a legal basis for currency exchange, as well as ensuring legal certainty and clarity
- Basic principles of the introduction of the euro
- Basic provisions on the replacement of the kuna by the euro

2. Determining and harmonizing other laws and bylaws

- The first group – regulations that contain significant references to the Croatian kuna
- The second group – a smaller number of regulations and provisions that need harmonizing (900 regulations in total)

In addition to the above, it is necessary to identify areas that should be covered by the Law on the Introduction of the Euro to ensure legal certainty and to propose a comprehensive legal framework. The laws of the Member States that were among the last to introduce the euro have already been analyzed, and legal provisions are being continuously analyzed.

I. PREPARATIONS FOR THE EURO INTRODUCTION – GUIDELINES FROM THE MOST IMPORTANT PARTS OF THE ACT ON THE EURO INTRODUCTION AS THE OFFICIAL CURRENCY IN CROATIA – CONTINUED

BASIC PRINCIPLES OF THE EURO INTRODUCTION

1. Principle of consumer protection

- Recalculation of prices and other monetary statements is carried out free of charge, using a fixed conversion rate and following the rules for conversion and rounding.
- Due to the conversion, the consumer must not be in a financially less favorable position than he would have been in the euro had not been introduced.

2. The principle of continuity of legal instruments

- The procedure for the introduction of the euro does not affect the validity of existing legal instruments stating the kuna.
- The introduction of the euro does not give any contracting party the right to a valid unilateral termination or termination of the contract or change of a particular provision of the contract unless otherwise agreed between the contracting parties or unless otherwise regulated by a special regulation.

3. The principle of prohibition of unjustified price increases

- It is forbidden for all business entities, institutions, and financial service providers to increase the price of goods or services without a justified reason.

4. The Principle of transparency and information

- All information about the introduction of the euro must be clear, understandable, accessible, and visible.

5. The principle of efficiency and economy

- All procedures and activities arising from the introduction of the euro are carried out in such a way to ensure that everyone can act as simple as possible at the lowest possible cost.

After the EU Council adopts the Decision on the abolition of derogations, the Government of the Republic of Croatia must announce the day of introduction of the euro, fixed conversion rate, day of beginning and end of double circulation, day of beginning and end of double circulation and other relevant issues required for the introduction of euro.

GENERAL RULES REGARDING THE EURO INTRODUCTION AS THE OFFICIAL CROATIA'S CURRENCY

Several general rules on the application of the euro in the Republic of Croatia are defined, and below we present the most important ones.

The amounts stated in kuna in legal instruments are considered amounts in euros with the application of a fixed conversion rate and in accordance with the rules for conversion and rounding from this Act.

After the provision enters into force on the day of the introduction of the euro, the euro becomes the official currency and legal tender in the Republic of Croatia. Thus, the amounts stated in HRK will be considered as amounts in euros with the application of a fixed conversion rate, under the rules for conversion and rounding.

Furthermore, the values and amounts on certificates, certificates, and other public documents for the periods before the introduction of the euro will be expressed in HRK. Amounts stated in legal instruments in euros that are converted into kuna equivalent by the day of the introduction of the euro according to the middle exchange rate of the Croatian National Bank or another exchange rate of the bank are considered amounts in euros. Of course, there are some exceptions. For example, the nominal value of securities and shares and stakes in other entities and relevant registers is recalculated in the manner specified in Part 6 of Chapter V of the Act.



I. PREPARATIONS FOR THE EURO INTRODUCTION – GUIDELINES FROM THE MOST IMPORTANT PARTS OF THE ACT ON THE EURO INTRODUCTION AS THE OFFICIAL CURRENCY IN CROATIA – CONTINUED

GENERAL RULES REGARDING CONVERSION AND ROUNDING

Amounts to be paid or accrued shall be converted using a fixed conversion rate by the conversion and rounding rules set out in Articles 4 and 5 of Regulation (EC) No 1049/2001. 1103/97.

The conversion will be performed by applying the full numerical amount of the fixed conversion rate, in a way that is rounded following the mathematical rules of rounding. In other words, the result obtained will be rounded to two decimal places, based on the third decimal place.

We can observe that in most cases the fixed exchange rate was equal to the central parity applied during participation in the ERM II exchange rate mechanism.

In the case of Croatia, the central parity is 1 Euro = 7.53450 kuna.

LIABILITY OF THE PAYER FOR THE CORRECTNESS OF THE CALCULATION

If there are monetary statements in kuna value before the double statement period to be paid, the payer is obliged to convert the amounts into euros before payment using a fixed conversion rate and following the rules for conversion and rounding arising from the Act.

While it may seem difficult, change is not necessarily bad. The arrival of the euro in Croatia opens up many development opportunities, as well as investments by foreign investors. Currency risk will certainly disappear, interest rates should be reduced, and the possibility of financing on the capital market, as well as the credit rating, should be increased. In addition, it is logical that more tourists will be interested in coming to Croatia.

II. GRANT PROGRAM: SUPPORT TO REDUCE NATURAL GAS COSTS FOR MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

The Ministry of Economy and Sustainable Development, in cooperation with HAMAG – BICRO, has launched a grant program to reduce natural gas costs for micro, small and medium-sized enterprises. The program is intended for micro, small and medium-sized enterprises with annual gas consumption at an individual metering point up to 10 GWh. The grants are of small value and are intended to reduce the gas consumption bill by 15 lipas per kWh of gas consumed.

Detailed Instructions for Applicants have been published on the HAMAG – BICRO website, and entrepreneurs can apply for grant through the online application, which is also available on the HAMAG – BICRO website. The process is simple, fast, and fully digitalized. To enter the application, it is necessary to enter the personal identification number (in further text OIB) and the number of one billing metering point. After that, entrepreneurs need to determine the validity of automatically pre-entered data, enter the amount of grant used so far, give GDPR consent and apply.

After the entrepreneur enters the necessary data, a decision on receiving the grant and a voucher for the total grant will be created. The grant is determined according to the reference consumption of one beneficiary. An entrepreneur receives the Grant Decision, and the gas supplier receives a voucher. It should be noted that the whole procedure is paper-free.



II. GRANT PROGRAM: SUPPORT TO REDUCE NATURAL GAS COSTS FOR MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES – CONTINUED

Therefore, the grant program is implemented in such a way that the entrepreneur (beneficiary) pays the amount stated on the invoice every month, and the Ministry of Economy and Sustainable Development pays the subsidized amount directly to the gas supplier. Thus, the entrepreneur will be automatically deducted a proportional monthly subsidized amount from his voucher. In this way, entrepreneurs will receive grants until the end of March 2023, or earlier, if they use the entire grant defined by the decision to grant support.

Entrepreneurs who wish to apply for the grant and have been declared bankrupt or convicted of participating in a criminal organization or acts of corruption will not be eligible for the grant.

It is also important to know that the eligibility for a subsidy will not be checked against whether the applicant has debts to the gas supplier or is blocked. The subsidy will be paid only through a voucher usable for gas. Therefore, there is no possibility to use the subsidy for any purpose other than reducing the cost of gas supplied.

For all additional information related to this Program, entrepreneurs can contact the Ministry of Economy and Sustainable Development via [e-mail adrese](#).



III. THE SUPPLY OF THE EURO, THE RELEASE INTO CIRCULATION, AND THE CONDUCT RULES

One of the key reasons for the introduction of the Euro is raising the chances of attracting investments, together with a more favorable cost of borrowing money. It can be noticed that the EU Member States that have adopted the Euro have significant differences in the amount of borrowed money compared to those that are not in the Euro area. Also, the potentially high exchange rate risks faced by the most common countries with small economies disappear with the entry into the eurozone.

CROATIAN NATIONAL BANK'S ROLE AND OBLIGATIONS

From the day of the Euro introduction, the Croatian National Bank is obliged to publish the exchange rate list of the Croatian National Bank for the Euro in relation to other currencies.

The middle exchange rates of the Croatian National Bank for the Euro in relation to other currencies will be applied for statistical, accounting, and tax reporting purposes. It will also be applied in legal instruments in which before the day of the Euro introduction, the middle exchange rate of the Croatian National Bank for the Kuna and other currencies were used.

WHAT WILL THE MONEY SUPPLY LOOK LIKE?

We distinguish three types of money supply according to which it will be performed:

Indirect pre-supply

- starts no earlier than four months before the Euro introduction for banknotes or three months for coins;

Supply of initial coin packages

- starting from 1 December 2022;

Simplified indirect pre-supply

- starts no earlier than five days before the Euro introduction.

As an institution, the Bank provides indirect pre-supply to business entities, public authorities, credit unions, payment institutions, electronic money institutions, and financial service providers with Euro-based on previously received pre-supply contracts.

This is only valid if the bank has concluded an indirect pre-supply agreement with these entities.

III. THE SUPPLY OF THE EURO, THE RELEASE INTO CIRCULATION, AND THE CONDUCT RULES – CONTINUED

In addition to indirect pre-supply, the bank also provides simplified indirect pre-supply and the supply of initial packages of Euro coins. Also, when performing indirect pre-supply, simplified indirect pre-supply, and supply of initial packages of Euro coins, the bank is obliged to deliver money free of charge for processing and payment.

For micro business entities, the bank performs a simplified indirect pre-supply of Euro cash in the amount not exceeding EUR 10,000 five days before the Euro introduction at the earliest. This is only valid if the micro-entity has previously signed a simplified indirect pre-supply statement. Let us remind you that micro-business entities are those that have less than ten employees and whose income does not exceed HRK 15 million per year.

WHAT WILL THE CASH RELEASE INTO CIRCULATION LOOK LIKE AND THE EXCHANGE OF THE KUNA FOR THE EURO?

On the Euro introduction date, Euro cash from pre-supply, indirect pre-supply, and simplified indirect pre-supply will be released into circulation.

It is important to know that any financial institution, union, savings bank, business, or consumer is not allowed to release cash from pre-supply, indirect pre-supply, simplified indirect pre-supply, and initial Euro coins packs before the Euro introduction date.

Furthermore, the Act determines the manner and deadline for exchanging the Kuna for the Euro. In any case, the exchange of Kuna for Euro will be carried out within 12 months from the Euro introduction day in banks and branches of FINA and Croatian Post free of charge.

It will be possible to exchange a maximum of 100 Kuna banknotes and a maximum of 100 Kuna coins in one transaction, and if someone wants to exchange more than 100 banknotes and coins in one transaction, they will be able to do so, but the bank will be allowed to charge them a fee.

After 12 months, it will be possible to exchange the Kuna for the Euro at the Croatian National Bank free of charge. This refers to banknotes without a time limit, and coins for the next three years.

If the consumer wants to exchange Kuna with a deposit on a Euro transaction account, the bank with which the consumer has a transaction account is obliged (upon request) within 12 months after the Euro introduction free of charge simultaneous deposit service in Euro.

HOW LONG IS THE DOUBLE CIRCULATION PERIOD AND WHAT ARE THE CONDUCT RULES?

The double circulation period lasts 14 days from the date of Euro introduction, begins with the date of Euro introduction at 00:00, and lasts until the fourteenth day at 24:00. During the double circulation, the recipient is obliged for payment in Kuna, to return the difference in Euro. Exceptionally, when the recipient is unable to return the difference in Euro, he may return the difference Kuna, or both, Kuna, and Euro.

During the double circulation period, the payee at the time of payment is obliged to accept a maximum of 50 Kuna coins and the corresponding number of Kuna banknotes in one transaction applying "Anti-money laundering and anti-terrorist financing" regulations relating to restrictions on cash collection or payment. Below is a reminder of the limitations.

What restrictions under the Anti-Money Laundering and Terrorist Financing Act are in force and relevant to the introduction of the Euro?

- A legal or natural person performing a registered activity in the Republic of Croatia may not receive payment or make a payment in HRK 75,000 cash and more. Collection and payment when performing a registered activity, for more than HRK 75,000, must be made by payment or transfer to a transaction account for payment opened with a credit institution.
- The obligor (banks, authorized exchange offices, casinos, credit unions) shall notify the Office of the transaction carried out with the obligor in HRK 200,000 cash and higher. A cash transaction is any transaction in which the obligor physically receives cash from the party or physically hands over cash to the party in possession and disposal.

III. THE SUPPLY OF THE EURO, THE RELEASE INTO CIRCULATION, AND THE CONDUCT RULES – CONTINUED

- The obligor is obliged to conduct an in-depth analysis of the client (determine and verify the identity of the client) for each occasional transaction for HRK 105,000 and higher. Recall, that an occasional transaction is a transaction that is not performed within an established business relationship.
- When performing foreign exchange business, taxpayers (authorized exchange offices, FINA, Croatian Post) are obliged to establish and verify the identity of the client in each transaction for HRK 15,000 and higher.

The Office for the Prevention of Money Laundering, the Croatian National Bank, and the Financial Inspectorate could issue a joint guideline for the uniform application of regulations governing the prevention of money laundering and terrorist financing in the exchange of Kuna for the Euro.

IV. DEREGISTRATION FROM THE VAT SYSTEM

The prescribed conditions for exiting the Value Added Tax (VAT) system from January 2022, compared to the previous year, have not changed. That means that the value of taxable supplies of goods and services performed in the previous or current calendar year must still be below the prescribed threshold of HRK 300,000. The entrepreneur can deregister from the VAT system only at the end of the year, and during the year by the cessation of the activities. Below is a reminder of the basic rules and deadlines for deregistration from the VAT system.

DEREGISTRATION FROM THE VAT SYSTEM BY REDUCING THE VALUE OF DELIVERIES BELOW THE PRESCRIBED THRESHOLD

Deregistration from the VAT system by reducing the value of deliveries below the prescribed threshold of HRK 300,000 can be done at the end of each calendar year only. For example, if the taxpayer realizes the value of delivered goods/services up to HRK 300,000.00 (excluding VAT) during the current year, and wants to deregister from the VAT system, he can do so at the end of the current year only.

It should be noted that only the value of regular deliveries is considered for the calculation of the prescribed threshold:

- value of supplies of goods and services that are taxable with the VAT rate of 5%, 13%, and 25%,
- value of deliveries exempted from the VAT from Art. 45, 46, 47, 48, and 49 of the VAT Act,
- value of real estate deliveries and transactions exempt from the VAT from Art. 40, paragraph 1, point a) – d) of the VAT Act.

Deliveries that are not included in the calculation of the prescribed threshold are:

- deliveries exempted from VAT from Art. 39 and 40 of the VAT Act,
- deliveries of the taxpayer's long-term tangible and intangible economic assets.

Before deciding, taxpayers should make sure they are satisfying conditions for deregistration from the VAT system. If they made deliveries of goods and services of less than HRK 300,000 and did not enroll into the VAT system voluntarily, but entered by force of law, they are obliged to submit a written request to the Tax Administration regarding deregistration from the VAT system on January 1, next calendar year. Therefore, the deadline for submitting a written request to the competent branch office of the Tax Administration is January 15, next calendar year.

As the form of a written request for VAT deregistration is not prescribed, the taxpayer is obliged to compile it independently. The form may be a statement stating the fact that the value of supplies of goods and services realized in the previous year is less than the prescribed threshold, i.e., less than HRK 300,000, and that on 1 January, next calendar year the company wants to deregister from the VAT system, under Art. 90 para. 1 of the VAT Act.

DEREGISTRATION FROM THE VAT SYSTEM FOR TAXPAYERS WHO HAVE VOLUNTARILY ENROLLED IN THE VAT SYSTEM

The process is a little different for taxpayers who voluntarily enrolled in the VAT system and received a decision from the Tax Administration on the mandatory stay in the VAT system for the next three calendar years.

IV. DEREGISTRATION FROM THE VAT SYSTEM – CONTINUED

Namely, only after the expiration of the specified period are they no longer obliged to be in the VAT system and can deregister by submitting the same request, under the condition that the value of their deliveries made in the previous calendar year is less than HRK 300,000. If the value of deliveries made in the previous calendar year is higher than the prescribed threshold, it is not possible to deregister from the VAT system.

DEREGISTRATION FROM THE VAT SYSTEM BY CLOSING BUSINESS ACTIVITIES

A procedure based on which a taxpayer leaves the VAT system by ceasing to perform an economic activity is called liquidation. Suspension of activity is not considered if the entrepreneur intends to continue with activities within a certain period. The entrepreneur can deregister from the VAT system by ceasing to perform his activity only by permanently ceasing to perform his activity, i.e., by deleting the company name from the register with the competent authority. Therefore, the temporary suspension of economic activity is not relevant for deregistration from the VAT system.

Before liquidation, a taxpayer is required to charge VAT on all supplies up to and including the day of deregistration. This includes all goods that were left, and which are considered exempt for non-business purposes, i.e., for which the taxpayer could have used the deduction of input tax.

Upon liquidation, taxpayers should make adjustments and amendments to VAT reports in the last tax period in which they operated, and if the liquidation was carried out on 31 December of the current year, then it should be carried out in the VAT form for December of the current year, under Art. 85 para. 7 of the VAT Act and Art. 173, paragraph 7 of the Ordinance on VAT.

However, if the company is liquidated during the year, the last tax period for which the VAT form is to be submitted is for the month in which the company was liquidated.

It should be noted that in the case of permanent liquidation, no pre-tax adjustment is made for acquired fixed assets, as this procedure would result in double taxation. Also, the correction of input tax is carried out when the conditions applicable to the performance of activities change. Since the activity is no longer performed, VAT should be calculated on the remaining short-term and long-term assets. Under Art. 7 para. 8 of the VAT Act, it is referred to as delivery of goods for a fee which is subject to VAT.

Delivery of goods for a fee is considered if the taxpayer or his successor retains the goods after liquidation, and in the acquisition of these goods, VAT was fully or partially deducted. The taxable event and the obligation to calculate VAT arise when the taxpayer ceases to perform the economic activity. The tax base, following Art. 33, paragraph 4 of the VAT Act, is the purchase price of these or similar goods, and if that price is unknown, the amount of all costs of goods are exempted. All other deliveries made in the liquidation procedure are also taxable.

OBLIGATIONS OF PERSONAL INCOME AND CORPORATE INCOME TAXPAYERS WHILE DEREGISTERING FROM THE VAT SYSTEM

When leaving the VAT system, if all conditions are met, taxpayers are obliged to:

- declare a liability on all outgoing invoices, regardless of whether they have been collected,
- declare input tax on all incoming invoices, regardless of whether they have been paid,
- make a correction of input tax for fixed assets for which input tax was used,
- correct the input tax for inventories for which input tax was used,
- adjust and amend VAT returns submitted for the last tax period of the calendar year.

While deregistering from the VAT system, when all the conditions are met, the personal income taxpayers are obliged to meet the conditions from the Ordinance on flat-rate taxation of self-employment:

- correct the input tax for fixed assets and inventories for which the input tax was used,
- adjust and amend VAT returns in the last tax period.

It should be noted that personal income taxpayer who switches to flat-rate income taxation while deregistering from the VAT system should make a VAT adjustment on economic goods. This refers to equipment purchased with a deduction of input tax for five years, real estate for ten years, and stocks of raw materials, merchandise, and finished products.

Therefore, the taxpayer is not obliged to calculate VAT on the remaining short-term and long-term assets at market value because the taxpayer is still considered to be self-employed.

V. BUSINESS DOCUMENTATION RETENTION PERIODS

Every taxpayer is obliged to keep business documentation that is obtained during the business within the deadlines prescribed by accounting, tax, customs, foreign exchange, and other regulations. The taxpayer may keep the accounting documentation on the business premises or elsewhere, but he must ensure that it is available to the inspection body within a reasonable time.

In addition to the regulations that define the obligation to keep and store documentation, certain bylaws of other laws prescribe the deadline for keeping certain documentation. Since accounting documentation is part of business documentation, different regulations prescribe different deadlines for storing documentation. The manner of keeping business documentation is regulated by the company in an internal act that defines the archiving procedure itself.

WHO IS REQUIRED TO KEEP BUSINESS RECORDS?

Every taxpayer is obliged to store and archive business and accounting documentation. If you look at the General Tax Law, a taxpayer is any person who is determined as such by the law governing a particular type of tax. For a taxpayer to know how long and which documentation needs to be kept, he can study basic laws and regulations, such as the Accounting Act, the General Tax Act, and the Accounting Ordinance. Below is a brief overview of the most important deadlines.

WHICH DOCUMENTATION IS KEPT FOR TEN YEARS?

If the General Tax Law is observed, it can be concluded that the taxpayer is obliged to keep records and documents on daily cash transactions, business books, accounting documents, and other records for ten years. This is valid only if no special deadlines are prescribed by a special regulation.

WHICH DOCUMENTATION IS KEPT FOR ELEVEN YEARS?

The taxpayer is obliged to keep documents based on which the data were entered in the diary, general ledger and auxiliary books, tax records and accounts for at least eleven years. This period begins on the last day of the business year in which the data from the documents are entered into the business books.

WHICH DOCUMENTATION IS STORED PERMANENTLY?

Permanently stored documentation includes payrolls, i.e., analytical records on salaries for which mandatory contributions are paid (JOPPD forms). Likewise, the taxpayer is required to permanently store financial statements and annual reports. These include the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity, notes explaining certain items in the financial statements, the audit report, and the annual report, together with a management report.

CAN A TAXPAYER STORE DOCUMENTATION ELECTRONICALLY?

The taxpayer may store business and accounting documentation electronically also. Electronic archiving of business documentation is a step that will be taken by everyone for whom the automation of business processes, saving time and money as well as data security is one of the main priorities in business. Electronic archiving has many advantages, some of which are: the availability of documents in one place, lower costs, easy and fast access to documentation, and most importantly, a high level of security of information and data.

CAN A TAXPAYER KEEP THE DOCUMENTATION OUTSIDE THE BORDERS OF THE REPUBLIC OF CROATIA?

The taxpayer may decide to keep the documentation outside the borders of the Republic of Croatia. This rule applies only if the country in which he wants to keep the documentation is a member of the European Union. Regardless of where the taxpayer keeps the documentation, he is responsible for it at all times, and he is obliged to provide it to the supervisory authorities at any time, at their request.

WHAT ARE THE PENALTIES FOR NON-COMPLIANCE WITH THE DEADLINES FOR STORING DOCUMENTS?

For non-compliance with the deadlines for storing accounting documents, business books, and financial reports, a fine of up to HRK 100,000.00 is prescribed for a legal or natural person and a fine of up to HRK 20,000.00 for a responsible person.

V. BUSINESS DOCUMENTATION RETENTION PERIODS – CONTINUED

WHAT HAPPENS TO THE DOCUMENTATION AFTER THE EXPIRATION DATE?

After the deadline for keeping the documentation expires, taxpayers must not arbitrarily destroy the documentation, as everything is defined by the Law on Archival Materials and Archives.

After the expiration of the deadline for keeping the documentation, the taxpayer must submit to the competent archive for approval a proposal for the destruction of certain documentation. This proposal must contain a list of the type, quantity, and time of the creation of the material and the basis for exclusion (prescribed retention periods). Once the taxpayer receives official approval, only then can the documentation be destroyed. It is also very important to take measures to protect the confidentiality of data during destruction, as well as environmental protection measures.

WHAT HAPPENS TO THE DOCUMENTATION IF THE COMPANY CEASES TO OPERATE?

After the company ceases to operate by liquidation of the company, or with a shortened procedure, the business books and documentation of the company for which the retention period has not expired (and then which is kept permanently), are handed over for safekeeping to the Croatian Chamber of Commerce. For the storage and preservation of business books and documentation of the company, a fee is paid at the expense of the company before its deletion.



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