

CONFIDA

Ideas that pay off.

Monthly Newsletter

May, 2023

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I. FILLING OUT THE GOD-DOP FORM AFTER JANUARY 1, 2023

On March 16, 2023, the Tax Administration of the Republic of Croatia published an opinion on filling out the GOD-DOP form after January 1, 2023, for previous accounting periods. CONFIDA Croatia is relaying the statement in its entirety.

FILLING OUT THE GOD-DOP FORM

“The Tax Administration determines the right to a refund of contributions paid above the maximum annual basis through the yearly contribution calculation process carried out in an administrative process based on the contributor’s request.

The employer and the payer of the receipt from which other income is determined, issue to the taxpayer who submits a request for an annual calculation to exercise the right to a refund of contributions, at his request and for the purpose of proof, a certificate of the amounts of the bases and the paid contribution amounts for pension insurance based on generational solidarity.

The certificate is issued via the “Certificate of basic amounts and calculated and paid contributions for pension insurance based on generational solidarity” (Form GOD-DOP).

As the official currency of the Republic of Croatia is the euro from January 1, 2023, wages for December 2022 were (in most cases) paid in January in the euro currency.

Given the above, when filling out the GOD-DOP form for 2022, it is necessary to report wages and other receipts in addition to the salary paid in 2023 in euro currency for the calculation period for 2022, as well as obligations to contribute to pension insurance based on generational solidarity in kuna using a fixed conversion rate (1 EUR = 7.53450 HRK).

In the same way, it is necessary to fill out the GOD-DOP forms for periods before January 1, 2023, in kuna, for which contribution obligations were calculated and paid after January 1, 2023, in the euro currency.”



II. AMENDMENTS TO THE VALUE ADDED TAX ACT

The [Act on Amendments to the Value Added Tax Act](#) was published on March 24, 2023, in the Official Gazette no. 33 and entered into force on April 1, 2023. It extends the application of the lower VAT rate of 5% to the supply of natural gas, heating from thermal stations, and firewood, pellets, briquettes and wood chips until March 31, 2024.

EXTENSION OF THE LOWER VAT RATE

In 2022, amendments to the VAT Act (Off. Gaz. no. 39/22) have introduced a significant change. Natural gas deliveries from April 1, 2022, to March 31, 2023, were subject to a reduced VAT rate of 5%. But that's not all. Further changes have been made to extend the same rate to heating deliveries from thermal stations and related fees, along with the delivery of firewood, pellets, briquettes, and wood chips.

With the latest amendment to the VAT Act, the prescribed VAT rate of 5% is extended and applied to the specified deliveries until March 31, 2024.

III. CAN THE PERSONAL INCOME TAX REFUND BE PAID TO REVOLUT OR AIRCASH?

The Tax Administration of the Republic of Croatia has published an opinion on a taxpayer's request for a personal income tax refund on Revolut or Aircash. We transmit the opinion of the Tax Administration in its entirety.

TAX ADMINISTRATION OPINION

"If, in the process of determining the annual income tax, the difference between the overpaid income tax advance and the established annual liability tax administration determines, the overpaid tax can, by the provisions of Article 46, Paragraph 8 of the Income Tax Act (Official Gazette, No. 115/16, 106/18, 121/19, 32/20, 138/20, 151/22) to the taxpayer return without a separate written request.

Article 92, paragraph 1 of the Ordinance on income tax (Official Gazette, No. 10/17, 128/17, 106/18, 1/19, 80/19, 1/20, 74/20, 1/21, 102 /22, 112/22, 156/22, 1/23), it is prescribed that by Article 86 of the Law, state administration bodies and judicial authorities and other state bodies and services of local and regional (regional) self-governments, institutes, non-profit organizations, entrepreneurs – legal and natural persons make payments of receipts to physical persons, to their account for payment by the regulation governing payment transactions with the bank, i.e. to non-residents on their account.

Paragraph 3 of the same article of the Ordinance stipulates that the Tax Administration will refund overpaid income tax and surcharges in non-cash to a payment account by the regulation governing payment transactions with banks that taxpayers have open with banks, and exceptionally in cash for taxpayers who do not have a bank account for payment, i.e. if a natural person does not have a current or giro account, i.e. if, at the time of the income tax return, he does not receive receipts for which there is an obligation to pay to the account.

III. CAN THE PERSONAL INCOME TAX REFUND BE PAID TO REVOLUT OR AIRCASH? – CONTINUED

REVOLUT BANK UAB

According to the notification of the Croatian National Bank dated June 1, 2022, Revolut Bank UAB was approved to expand its services in the Republic of Croatia, based on which it now provides services for opening and maintaining payment accounts such as current accounts or giro accounts in the Republic of Croatia. To the above, the Central Office of the Tax Administration published opinion CLASS:410-01/22-01/909, URBROJ:513-07-21-01-22-2, dated June 7, 2022, which you can read at the [following link](#).

According to the above, the tax refund can be made to an account opened at Revolut Bank UAB.

AIRCASH

Furthermore, according to the opinion of the Central Office of the Tax Administration CLASS: 10-01/19-01/2216, URBROJ:513-07-1-01-19-3 of December 23, 2019, digital institutions for electronic money are considered a particular type of provider payment services whose establishment and operations regulates the Law on Electronic Money (Official Gazette, No. 64/2018), and the payment of a worker's salary to the kuna account of a digital institution for electronic money is not considered a payment to a bank account by the mentioned provisions of the Law and Ordinance. You can read the opinion at the [following link](#).

By the above, and considering that Aircash d.o.o., Zagreb, has been registered in the Register of payment service providers and Electronic Money issuers since October 3, 2019, tax refunds cannot be made to the Aircash account."

IV. DEADLINE FOR SUBMISSION OF JOPPD FORM IN CASE OF UNPAID AND PAID SALARY

SUBMISSION OF THE JOPPD FORM

According to Ordinance on Personal Income Tax, the employer shall submit the JOPPD form on the day of payment or no later than the next working day.

In case of unpaid salary, the employer shall submit the JOPPD form when the obligation to pay income tax and contributions arise. The before mentioned applies to the last day of the month for the previous month. After the employer pays the unpaid salary to the employee, he is obligated to submit the JOPPD form no later than the 15th day of the month following the payment month.

DEADLINE FOR PAYMENT OF SALARIES, ALLOWANCES AND OTHER EARNINGS

Within the Law on Amendments to the Labour Act, Article 92 was amended and reads:

- (1) Salary, salary compensation, and other cash benefits are calculated and paid to the employee into their transaction account.
- (2) Public payments from salary and on salary are deposited into designated payment accounts by tax and contribution regulations and deadlines.
- (3) Exceptionally from point 1 of this article, the amount of other income and income from employment may be paid to the employee in cash by tax and contribution regulations.
- (4) Salary, salary compensation, and other benefits are paid within the time limits determined by the collective agreement or employment contract and no later than the fifteenth day of the current month for the previous month.
- (5) If the right to benefits in kind is agreed upon or established for the performance of work, the employer is obliged to provide it to the employee by the end of the current month for which the right is earned.
- (6) Due to non-payment of salary, the employee may terminate the employment contract exceptionally.
- (7) An agreement between the employer and the employee waiving the right to receive salary is not permitted.

IV. DEADLINE FOR SUBMISSION OF JOPPD FORM IN CASE OF UNPAID AND PAID SALARY – CONTINUED

Paragraph 4 of the above-stated Act stipulates that wages, wage allowances and other earnings the employer shall pay within the deadlines determined by the collective agreement or employment contract and no later than the 15th day of the current month for the previous month.

OBLIGATION TO CALCULATE, WITHHOLD AND PAY ADVANCE INCOME TAX AND CONTRIBUTIONS

The obligation to calculate, withhold and pay advance income tax and contributions for mandatory insurance arises on the day of salary payment. If the employer has not paid the salary on the due date, he needs to provide a calculation with the amount that he should pay. The advance tax is calculated and becomes due at the same time as the obligation to submit the unpaid income arises.

The employer must submit the mentioned calculation by the end of the month in which the salary was due, and the advance income tax for the unpaid salary must be paid by the end of the month for the previous month.

The same applies to contributions for mandatory insurance, which (in case of unpaid salary until the last day of the month) are due for payment until the last day of the month.

V. REPORT ON BUSINESS EVENTS WITH RELATED PARTIES FOR THE YEAR 2022

With the profit tax declaration ([Form PD](#)) for 2022, taxpayers also submit a Report on business events with associated parties – [Form PD-IPO](#) to the Tax Administration. The above form should be submitted by the Rulebook on Profit Tax.

WHO ARE THE RELATED PARTIES?

Related parties are parties where one person participates directly or indirectly in the management, supervision or capital of another person or when the same persons participate directly or indirectly in the company management, control and capital (according to Article 13, paragraph 2 of the Profit Tax Act). Regarding tax implications, the term “connection of persons” can refer to various relationships, including those between physical persons, physical persons and legal entities, and between legal entities.

WHO MUST SUBMIT FORM PD-IPO?

The mentioned Form PD-IPO should be submitted by taxpayers who, during the tax period, recorded business events with related parties concerning received and given loans and the sale and purchase of goods and services. This group includes all corporate taxpayers, i.e. legal and natural persons who are self-employed and are corporate income taxpayers.



V. REPORT ON BUSINESS EVENTS WITH RELATED PARTIES FOR THE YEAR 2022 – CONTINUED

OBLIGATION TO DRAW UP FORM PD-IPO

The obligation to draw up the Form PD-IPO derives from Art. 46, paragraph 2 of the Ordinance on profit tax (Order Nov., No. 95/05. – 156/22.). Data related to the tax period are entered in the Form along with the initial balances on the first day of the tax period.

The PD-IPO Form is a tax report, and it contains obligations and claims to related parties from the tax point of view, i.e. from the point of view of the Profit Tax Act (Order of Nov., No. 177/04. – 144/22) and the General Tax Act (Nor. Nov., No. 115/16. – 144/22.).

The number of liabilities to related parties/the number of receivables from related parties on Form PD-IPO as of December 31, 2022, may be equal to or greater than the number of liabilities/receivables reported as of December 31, 2022, in particular balance sheet positions.

WHAT DATA DO TAXPAYERS ENTER IN FORM PD-IPO?

The PD-IPO Form must contain data on all received loans and credits from related parties, regardless of whether the interest is calculated or is a tax-recognized or non-recognized expense. Therefore, one should not look for a direct connection between the data on the interest shown in Form PD and PD-IPO (except for excessive debt interest and too low credit interest between related persons)

In the mentioned Form, deliveries of goods and services to related parties and procurement of goods and services from related parties are entered, regardless of whether they have been charged or not and whether there is a claim on December 31, 2022.

The report on business events with related parties contains four groups of data:

- I.1. Liabilities to related parties based on received loans and credits – related parties appear in the role of lenders
- I.2. Receivables from related persons based on loans and credits granted – related persons appear in the role of borrowers
- II. 1. Obligations to related parties based on the procurement of goods and services – associated parties appear in the role of suppliers
- II.2. Receivables from related parties based on deliveries of goods and services – associated parties act as customers.

Taxpayers submit the PD-IPO Form to the Tax Administration through the e-Tax system.



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