

CROATIA - TAXATION FOR INVESTORS

Withholding tax on dividends

Payable for:

- Non-resident legal entities
- Non-resident individuals
- Resident individuals

Dividend payment can be executed only when local tax ID (OIB) number is provided. Also, other relevant information has to be available (CSD account number, type of investor, gross amount, tax rate, address and residency) that would be provided to the paying agent (CSD or the issuing company).

Local regulation determines that local tax ID (OIB) number is needed for non-resident private persons and legal entities for which there is a need for monitoring in Croatia. It is considered to be a need for monitoring if such person has become a tax payer under a special regulation.

Withholding tax at a higher rate (25%) is applicable to all types of remunerations, apart from interest on bonds, if paid to investors based in one of the countries from the EU list of non-cooperative jurisdictions and there is no tax treaty in place between such countries and Republic of Croatia.

Tax rates

Type of Income	Type of investor	Tax rate
Dividend	Non-resident legal entities ¹	10%
Dividend	Resident legal entities	0%
Dividend	Non-resident individuals	12%
Dividend	Resident individuals	12%

Relief at source

In order to benefit from favourable DTA rate, each client needs to provide the following:

- Local tax ID (OIB) number
- Special form prescribed by the Croatian Tax Administration "[Application for tax relief or tax refund for dividends under the agreement for the avoidance of double taxation](#)" (per each beneficial owner and each dividend payment individually). If favourable withholding tax rate granted by the competent double taxation treaty is 0%, beneficial owner is able to provide certificate of tax residency only, without the above form.
- Subcustodian and final beneficial owner need to provide prescribed forms of Tax Power of Attorney (available upon request) empowering Zagrebačka banka in the chain of custody as client's proxy solely for the purposes of representing before the Ministry of Finance/Tax Administration of Croatia in all tax relief related actions.

Tax reclaim

In cases where requested form has not been provided on time, statutory withholding tax rate will be applied and tax reclaim, in accordance with DTA provisions, is possible in the period of 3 years as of expiry of the calendar year in which the tax and dividend payment have been executed.

In order to file tax reclaim request, each client needs to provide the following:

- Local tax ID (OIB) number
- Special form prescribed by the Croatian Tax Administration "[Application for tax relief or tax refund for dividends under the agreement for the avoidance of double taxation](#)" (per each beneficial owner and each dividend payment individually)
- Subcustodian and final beneficial owner need to provide prescribed forms of Tax Power of Attorney (available upon request) empowering Zagrebačka banka in the chain of custody as client's proxy solely for the purposes of representing before the Ministry of Finance/Tax Administration of Croatia in all tax reclaim related actions.

Withholding tax on interest

Payable for:

¹ If dividend is paid to legal entities based in one of the countries from the EU list of non-cooperative tax jurisdictions and there is no tax treaty in place between such country and Republic of Croatia, dividend will be taxed at the rate of 25%. However, residents (legal entities) of such countries should submit a form prescribed by Croatian Tax Administration certified by the tax authority in the country of residence to prove the tax residency and thus apply for favourable DTT rate. If respective form is not provided, withholding tax will be applied at the rate of 10%.

- Non-resident legal entities
- Non-resident individuals
- Resident individuals

Withholding tax at a higher rate (25%) is applicable to all types of remunerations, apart from interest on bonds, if paid to investors based in one of the countries from the EU list of non-cooperative jurisdictions and there is no tax treaty in place between such countries and Republic of Croatia.

Tax rates

Type of Income	Type of investor	Tax rate
Interest from bonds	All	0%
Interest on savings deposits	Non-resident legal entities ²	15%
Interest on savings deposits	Resident legal entities	0%
Interest on savings deposits	Non-resident individuals ³	10%
Interest on savings deposits	Resident individuals ¹	10%

Local CSD in the role of a paying agent for interest on debt securities (currently only interest payments on bonds) is obliged to report the data on individuals receiving interest on debt securities to local Tax Administration.

In accordance with the amendments to the Income Tax Rulebook in Croatia, custodians as participating members of the local CSD are obliged to disclose the following data on individuals (final beneficial owners) receiving interest on debt securities held on transactional omnibus custody accounts in CSD:

- local tax ID number (OIB)
- total coupon amount
- address of residence

Prescribed data are obliged to be disclosed to CSD via CSD's proprietary IT system by the tenth calendar day of the month following the month of the coupon payment.

Relief at source

In order to benefit from favourable DTA rate, each client needs to provide the following:

- Local tax ID (OIB) number
- Special form prescribed by the Croatian Tax Administration "[Application for tax relief, tax exemption or tax refund for interest under the agreement for the avoidance of double taxation](#)" (per each beneficial owner and each interest payment individually). If favourable withholding tax rate granted by the competent double taxation treaty is 0%, beneficial owner is able to provide certificate of tax residency only, without the above form.
- Subcustodian and final beneficial owner need to provide prescribed forms of Tax Power of Attorney (available upon request) empowering Zagrebačka banka in the chain of custody as client's proxy solely for the purposes of representing before the Ministry of Finance/Tax Administration of Croatia in all tax relief related actions.

Tax reclaim

In cases where requested form has not been provided on time, statutory withholding tax rate will be applied and tax reclaim, in accordance with DTA provisions, is possible in the period of 3 years as of expiry of the calendar year in which the tax and interest payment have been executed.

In order to file tax reclaim request, each client needs to provide the following:

- Local tax ID (OIB) number
- Special form prescribed by the Croatian Tax Administration "[Application for tax relief, tax exemption or tax refund for interest under the agreement for the avoidance of double taxation](#)" (per each beneficial owner and each interest payment individually)
- Subcustodian and final beneficial owner need to provide prescribed forms of Tax Power of Attorney (available upon request) empowering Zagrebačka banka in the chain of custody as client's proxy solely for the purposes of representing before the Ministry of Finance/Tax Administration of Croatia in all tax reclaim related actions.

² If interest is paid to legal entities based in one of the countries from the EU list of non-cooperative tax jurisdictions and there is no tax treaty in place between such country and Republic of Croatia, interest will be taxed at the rate of 25%. However, residents (legal entities) of such countries should submit a form prescribed by Croatian Tax Administration certified by the tax authority in the country of residence to prove the tax residency and thus apply for favourable DTT rate. If respective form is not provided, withholding tax will be applied at the rate of 10%.

³ Please note that as of 1 January 2015 amendments to the Income Tax Act have been effective, introducing withholding tax on interest. Cited amendments introduced withholding tax on interest for individuals (resident and non-resident), whereas the interest is considered as the following: interest received on domestic and foreign currency savings; interest received from securities; interest received on loans; and receipts based on revenue-sharing of investment fund in the form of interest. The following is not considered as interest and excluded from taxation: penalty interest; charged interest at court rulings and decisions of local and regional government; interest on the balance on the giro account, current account and foreign exchange account (if interest is up to 0.50 pct annually); proceeds from interest earned by investing in bonds, regardless of the issuer and type of bond; and receipts related to yield on life insurance with savings option.

Double Taxation Treaties

Current list of Double Taxation Treaties is available at the end of this document or on the following [link](#)

Capital gains tax

Payable for:

- Non-resident individuals
- Resident individuals

Tax rates

Type of Income	Type of investor	Tax rate
Capital gains	Non-resident legal entities	0%
Capital gains	Resident legal entities	0%
Capital gains	Non-resident individuals	12%
Capital gains	Resident individuals	12%

Taxable receipts in scope are those which result from disposal of the following types of financial assets:

- transferable securities and structured products
- money market instruments
- UCITS units
- Derivatives
- proportional part of the liquidation estate in the event of the liquidation of an investment fund
- other revenues generated from the ownership stake in case of liquidation, cessation or offset.

Capital gains tax is applicable for holding periods **under 2 years** only. Calculation, withholding, remittance and reporting of the tax must be done by 28 February of the current year and it refers to the positive difference between the capital gains and capital losses realised in the previous year at a rate of **12%**.

Stamp Duty

Stamp Duty is not applicable on the market.

Application for local tax ID (OIB) number

Zagrebacka banka d.d. is offering the assistance to its clients in obtaining local tax ID (OIB) number from Tax Administration.

To apply for local tax ID (OIB) number the following documentation is required:

1. Legal entity

- *Authorization letter* document empowering Zagrebacka banka d.d. to request local tax ID (OIB) number from Tax Administration. Authorization letter has to be duly signed by authorised representatives and originals sent to our mailing address.
- *Certificate of registration* - a legal person would need to provide a constitutive document e.g. certificate of registration (translated to Croatian language by official interpreter).

2. Investment fund

Apart from authorisation and certificate of registration (translated to Croatian language by official interpreter) additional documentation has to be provided for investment fund:

- *Additional form for investment funds*
- *Fund's Statute and Prospectus*

3. Individuals

Would need to provide:

- *Authorization letter*
- *A copy of passport that has to be notarized (by public notary)*
- *A copy of document with individual's address that also has to be notarized (by public notary).*

Please refer to templates of Authorisation letter (for legal entities and for individuals) and Additional form for investment funds enclosed below.

(Authorisation Letter Legal Person)

MATIČNI BROJ U DOMICILNOJ ZEMLJI: <i>IDENTIFICATION NUMBER IN COUNTRY OF RESIDENCE:</i>	
VRSTA PRAVNE OSOBE: <i>TYPE OF COMPANY:</i>	
PRAVNI OBLIK: <i>LEGAL FORM:</i>	
NAZIV AKTA O OSNIVANJU: <i>NAME OF CONSTITUTION ACT:</i>	
NAZIV DRUŠTVA: <i>COMPANY NAME:</i>	
SKRAĆENI NAZIV DRUŠTVA: <i>ABBREVIATION OF THE NAME:</i>	
ADRESA SJEDIŠTA: <i>ADDRESS OF HEADQUARTERS:</i>	
MJESTO, DRŽAVA I DATUM OSNIVANJA: <i>PLACE, STATE AND DATE OF ESTABLISHMENT:</i>	

**OVLAŠTENJE
AUTHORIZATION**

Ovlašćujemo Zagrebačku banku d.d., Zagreb, Trg bana Josipa Jelačića 10, Republika Hrvatska, da u naše ime zatraži otvaranje osobnog identifikacijskog broja kod Ministarstva financija RH – Porezna uprava.

We hereby authorise Zagrebačka banka d.d., Zagreb, Trg bana Josipa Jelačića 10, Republic of Croatia, to file on our behalf an application with the Tax Administration of the Ministry of Finance of the Republic of Croatia for assigning an identification number.

Datum:
Date:

U ime pravne osobe (potpis i žig):
For the legal entity (signature and stamp):

(Authorisation Letter Individual)

MATIČNI BROJ U DOMICILNOJ ZEMLJI: IDENTIFICATION NUMBER IN COUNTRY OF RESIDENCE:	
IME: NAME:	
PREZIME: SURNAME:	
DJEVOJAČKO PREZIME: MAIDEN NAME:	
ADRESA: ADDRESS:	
MJESTO I DRŽAVA: PLACE AND STATE:	
DATUM ROĐENJA: DATE OF BIRTH:	
MJESTO I DRŽAVA ROĐENJA: PLACE AND STATE OF BIRTH:	

**OVLAŠTENJE
AUTHORIZATION**

Ovlašćujem Zagrebačku banku d.d., Zagreb, Trg bana Josipa Jelačića 10, Republika Hrvatska, da u moje ime zatraži otvaranje osobnog identifikacijskog broja kod Ministarstva financija RH – Porezna uprava.

I hereby authorise Zagrebačka banka d.d., Zagreb, Trg bana Josipa Jelačića 10, Republic of Croatia, to file on our behalf an application with the Tax Administration of the Ministry of Finance of the Republic of Croatia for assigning an identification number.

Datum:
Date:

Signature:

(Additional Form Investment Fund)

NAZIV OSNIVAČA INVESTICIJSKOG FONDA:

NAME OF FOUNDER OF INVESTMENT FUND:

MATIČNI BROJ U DOMICILNOJ ZEMLJI:

IDENTIFICATION NUMBER IN COUNTRY OF RESIDENCE:

VRSTA PRAVNE OSOBE:

TYPE OF COMPANY:

PRAVNI OBLIK:

LEGAL FORM:

NAZIV AKTA O OSNIVANJU (OSNIVAČA INVESTICIJSKOG FONDA):

NAME OF CONSTITUTION ACT:

NAZIV DRUŠTVA (INVESTICIJSKOG FONDA):

COMPANY NAME:

SKRAĆENI NAZIV DRUŠTVA:

ABBREVIATION OF THE NAME:

ADRESA SJEDIŠTA (OSNIVAČA INVESTICIJSKOG FONDA):

ADDRESS OF HEADQUARTERS:

MJESTO, DRŽAVA I DATUM OSNIVANJA (OSNIVAČA INVESTICIJSKOG FONDA):

PLACE, STATE AND DATE OF ESTABLISHMENT:

NAZIV DRUŠTVA ZA UPRAVLJANJE INVESTICIJSKIM FONDOM:

NAME OF MANAGEMENT COMPANY OF INVESTMENT FUND:

Croatia – DTA List

Withholding Tax Rates (%)			
No.	DTA Country	Dividend	Interest
1	Albania	10	10
2	Andorra	5	5
3	Armenia	10* for share lower than 25%, 0 for share higher than 25%	10
4	Austria	15* for share lower than 10%, 0 for share higher than 10%	5
5	Azerbaijan	10* for share lower than 25%, 5 for share higher than 25%	10
6	Belarus	15* for share lower than 25%, 5 for share higher than 25%	10
7	Belgium	15* for share lower than 10%, 5 for share higher than 10%	10
8	Bosnia and Herzegovina	10* for share lower than 25%, 5 for share higher than 25%	10
9	Bulgaria	5	5
10	Canada	15* for share lower than 25%, 5 for share higher than 25%	10
11	Chile	15* for share lower than 20%, 5 for share higher than 20%	5 ⁴ 15
12	China	5	10
13	Czech Republic	5	0
14	Cyprus	5	5 0 ⁵
15	Denmark	10* for share lower than 25%, 5 for share higher than 25%	5
16	Estonia	15* for share lower than 10%, 5 for share higher than 10%	10

⁴ On the gross amount of the interest derived from loans granted by banks and insurance companies.

⁵ Applicable if interest is paid in connection with the sale on credit of any industrial, commercial, or scientific equipment; in connection with the sale on credit of any merchandise by one enterprise to another; or on any loan of whatever kind granted by a bank

17	Finland	15* for share lower than 25%, 5 for share higher than 25%	0
18	France	15* for share lower than 10%, 0 for share higher than 10%	0
19	Georgia	5	5
20	Germany	15* for share lower than 10%, 5 for share higher than 10%	0
21	Greece	10* for share lower than 25%, 5 for share higher than 25%	10
22	Hungary	10* for share lower than 25%, 5 for share higher than 25%	0
23	Iceland	10* for share lower than 10%, 5 for share higher than 10%	10
24	India	15*for share lower than 10%, 5 for share higher than 10%	10
25	Indonesia	10	10
26	Iran	10* for share lower than 25%, 5 for share higher than 25%	5
27	Ireland	10* for share lower than 10%, 5 for share higher than 10%	0
28	Italy	15	10
29	Israel	15* for share lower than 25% 10 ⁶ for share higher than 10% 5 for share higher than 25%	5 ⁷ 10
30	Japan	5 0* for share higher than 25% 10 ⁸	5 0 ⁹
31	Jordan	10* for share lower than 25%, 5 for share higher than 25%	10
32	Kazakhstan	10* for share lower than 25% share, 5 for share higher than 25%	10
33	Korea	10* for share lower than 25%, 5 for share higher than 25%	5
34	Kosovo	10* for share lower than 25% share, 5 for share higher than 25%	5

⁶ If the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividend in case when this other company is a resident of Israel and dividend is paid from the profits liable for taxation at a lower profit tax rate applicable to companies in Israel.

⁷ If interest is arisen in a contracting state and paid to every loan granted by a bank from that other state.

⁸ If the dividends are deductible in computing the taxable income of the company paying the dividends and the beneficial owner of the dividends is a resident of the other contracting state

⁹ a) If the interest is beneficially owned by the other contracting state, a political subdivision or local authority thereof, the central bank of the other contracting state or any institution wholly owned by the other contracting state or its political subdivision or local authority or

b) If the interest is beneficially owned by a resident of the other contracting state with respect to debt-claims guaranteed, insured or indirectly financed by the other contracting state, a political subdivision or local authority thereof, the central bank of the other contracting state or any institution wholly owned by the other contracting state or its political subdivision or local authority.

35	Kuwait	0	0
36	Latvia	10* for share lower than 25%, 5 for share higher than 25%	10
37	Lithuania	15* for share lower than 10%, 5 for share higher than 10%	10
38	Luxembourg	15* for share lower than 10%, 5 for share higher than 10%	10
39	Macedonia	15* for share lower than 25%, 5 for share higher than 25%	10
40	Malaysia	10* for share lower than 10%, 5 for share higher than 10%	10
41	Malta	5	0
42	Mauritius	0	0
43	Moldova	10* for share lower than 25%, 5 for share higher than 25%	10
44	Montenegro	10* for share lower than 25%, 5 for share higher than 25%	10
45	Morocco	10* for share lower than 25%, 8 for share higher than 25%	10
46	Netherlands	15* for share lower than 10%, 0 for share higher than 10%	0
47	Norway	15	0
48	Oman	0	5
49	Poland	15* for share lower than 25%, 5 for share higher than 25%	10
50	Portugal	10* for share lower than 10%, 5 for share higher than 10%	10
51	Qatar	0	0
52	Romania	5	10
53	Russia	10* for share lower than 25%, 5 for share higher than 25%	10
54	San Marino	10* for share lower than 25%, 5 for share higher than 25%	10

55	Serbia	10* for share lower than 25%, 5 for share higher than 25%	10
56	Slovak Republic	10* for share lower than 25%, 5 for share higher than 25%	10
57	Slovenia	5	5
58	Socialist Republic of Vietnam	10	10
59	South African Republic	10* for share lower than 25%, 5 for share higher than 25%	0
60	Spain	15* for share lower than 25%, 0 for share higher than 25%	0
61	Sweden	15* for share lower than 25%, 5 for share higher than 25%	0
62	Switzerland	15* for share lower than 25%, 5 for share higher than 25%	5
63	Syria	10* for share lower than 10%, 5 for share higher than 10%	10
64	Turkey	10	10
65	Turkmenistan	10	10
66	United Arab Emirates	5	5
67	Ukraine	10* for share lower than 25%, 5 for share higher than 25%	10
68	United Kingdom	10* for share lower than 25%, 5 for share higher than 25% ¹⁰	5

*Regardless of the amount of share, these rates are applied for individuals.

¹⁰ 15% when dividend is paid out from the income (including profits) arising directly or indirectly from the real-estate, within the meaning of Article 6 of DTT, by the entity for investments which dispenses the most of the income on an annual basis and whose income from such property is tax exempt.