



Value Added Tax Act

(Consolidated text, "Official Gazette" no. 73/13, 148/13,143/14, 115/16; Constitutional Court decision no. 99/13, 153/13)

I FUNDAMENTAL PROVISIONS

Article 1

(1) Value added tax (hereinafter: VAT) shall be calculated and paid according to the provisions of this Act.

(2) VAT is the state budget revenue of the Republic of Croatia.

(3) The following shall be integral parts of this Act:

- Annex I, List of activities referred to in Article 6 paragraph 5. of this Act,
- Annex II, List of goods to be placed to warehouses referred to in Article 52 of this Act,
- Annex III, List of goods covered by the special margin scheme referred to in Article 95 of this Act,,
- Annex IV, List of machinery and equipment referred to in Article 76 paragraph 8 of this Act.

Note: Article 1 paragraph 3 subparagraph 4 shall enter into force on 1 January 2018.

Article 2

The following European Union Directives shall be transposed into the legal system of the Republic of Croatia with this Act:

- Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006) as last amended by the Council Directive (EU) 2016/1065 of 27 June 2016 amending Directive 2006/112/EC as regards the treatment of vouchers (OJ L 177, 1.7.2016) (hereinafter: Council Directive 2006/112/EC),
- Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State (OJ L 44, 20.2.2009),
- Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes – Arrangements for the refund of value added tax to taxable persons not established in Community territory (OJ L 326, 21.11.1986),
- Council Directive (EU) 2016/856 of 25 May 2016 amending Directive 2006/112/EC on the common system of value added tax, as regards the duration of the obligation to respect a minimum standard rate (OJ L 142, 31.5.2016),
- Council Directive (EU) 2016/1065 of 27 June 2016 amending Directive 2006/112/EC as regards the treatment of vouchers (OJ L 177, 1.7.2016).

II SCOPE

Article 3

(1) Within the meaning of this Act:

- a) "Home territory" refers to the territory of the Republic of Croatia,
- b) "European Union", "European Union territory", "Member States" and "Member State territory" refers to the territory of



the Member States and the territory of the European Union as defined in the Treaty establishing the European Community, excluding territories referred to in paragraph 2 of this Article,

c) "Third country" refers to any state or territory not belonging to European Union territory, i.e. not included in the Treaty establishing the European Community,

d) "Third territory" is part of the Member State territory excluded from the European Union territory within the meaning of item b) of this paragraph.

(2) Third territories referred to in paragraph 1 of item d) of this Article are as follows:

a) In Federal Republic of Germany: Heligoland island and the territory of Büsingen,

b) In Kingdom of Spain: Ceuta, Melilla and the Canary Islands,

c) In Italian Republic: Livigno, Campione d'Italia and Italian waters of the Lugano lake,

d) In French Republic: French territories referred to in Article 349 and Article 355 paragraph 1 of the Treaty on the Functioning of the European Union,

e) In Hellenic Republic: Mount Athos,

f) In Republic of Finland: Åland Islands,

g) In United Kingdom of Great Britain and Northern Ireland: Channel Islands.

(3) Transactions to and from the Principality of Monaco shall be deemed as transactions performed to and from the French Republic within the meaning of this Act.

(4) Transactions to and from the Isle of Man shall be deemed as transactions performed to and from the United Kingdom of Great Britain and Northern Ireland within the meaning of this Act.

(5) Transactions to and from the Sovereign Base Areas of the United Kingdom of Great Britain and Northern Ireland, Akrotiri and Dhekelia, shall be deemed as transactions performed to and from Cyprus within the meaning of this Act.

III SUBJECT MATTER

Article 4

(1) The following shall be subject to VAT:

1. The supply of goods on the home territory for consideration, performed by the taxable person acting as such,

2. The acquisition of goods within the European Union carried out on the home territory for consideration by the following:

a) A taxable person who acts as such or a non-taxable legal person, if the seller (supplier) is a taxable person who acts as such in another Member State and who, in accordance with the regulations of that Member State, is not exempt from VAT calculation as a small taxable person and who is not subject to the provisions of Article 13 paragraphs 3, 4 and 10 of this Act,

b) In case of new means of transport, a taxable person or a non-taxable legal person whose other acquisitions are not subject to VAT taxation in accordance with Article 5 paragraph 1 items a) and b) of this Act or any other non-taxable person,

c) In case of products subject to excise duties, if the excise duty on acquisition within the European Union is calculated on the home territory in accordance with regulations governing excise duties, the taxable person or the non-taxable legal person, whose other acquisitions are not subject to VAT taxation in accordance with Article 5 paragraph 1 items a) and b) of this Act,

3. Supply of services on the home territory for consideration performed by a taxable person acting as such,

4. Import of goods.



(2) "Means of transport", within the meaning of this Act, if intended for transport of persons or goods, shall be:

- a) Land motor vehicles with an engine operating capacity exceeding 48 cm³ power rating exceeding 7.2 kW,
- b) Vessels exceeding 7.5 m in length, except vessels used for offshore travel or offshore passenger transport for consideration, and vessels used in commercial or industrial purposes, for fishing, rescue or assistance at sea or for fishing along the shore and
- c) Aircraft with take-off weight exceeding 1,550 kg, except aircraft operated by airlines operating mainly on international routes for consideration.

(3) "New means of transport", within the meaning of this Article, shall be means of transport referred to in paragraph 2 of this Article that meet one of the following requirements:

- a) Vessels and aircraft delivered within three months of the date of first use; the period shall be six months for land motor vehicles,
- b) Land motor vehicles did not travelled more than 6,000 km, vessels did not travel more than 100 hours and aircraft did not fly for more than 40 hours.

(4) Within the meaning of this Act, "Goods subject to excise duty" shall refer to alcohol and alcoholic beverages, tobacco products and energy products according to regulations governing excise duties, except gas delivered through the natural gas system located in European Union territory or through any network connected to such a system.

(5) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the object of taxation.

Article 5

(1) By way of derogation from Article 4 paragraph 1 item 2.a) of this Act, the following is not subject to VAT taxation:

- a) The acquisition of goods within the European Union carried out by a taxable person or non-taxable legal person, if the supply of such goods on the home territory would be exempt in accordance with Article 47 paragraph 1 and Article 48 paragraph 1 items a), b), c), d) and e) of this Act,
- b) The acquisition of goods within the European Union, except goods referred to in items a), c) and d) of this paragraph, and except new means of transport or goods subject to excise duty, carried out by a taxable person who exclusively engages in goods or services supply for which VAT (input tax) deduction is not allowed or a non-taxable legal person,
- c) Acquisition, within the European Union, of used goods, works of art, collectors' items or antiques referred to in Article 95 paragraph 1 of this Act if the seller is a reseller who acts as such, and VAT on those goods was calculated in the Member State where their dispatch or transport started, in accordance with a special margin scheme,
- d) Acquisition, within the European Union, of used goods, works of art, collectors' items or antiques referred to in Article 95 paragraph 1 of this Act if the seller is the organizer of the sale through a public auction who acts as such, and VAT on those goods is calculated in the Member State where their dispatch or transport started, in accordance with a special public auction sale procedure.

(2) Paragraph 1 item b) of this Article shall be applied if the following conditions are fulfilled:

- a) The total value of goods acquisition within the European Union during the current calendar year does not exceed HRK 77,000.00 (acquisition threshold) and
- b) The total value of goods acquisition within the European Union in the previous calendar year did not exceed the acquisition threshold referred to in item a) of this paragraph.

(3) The acquisition threshold referred to in paragraph 2 of this Article shall consist of the total value of goods acquisition within the European Union referred to in paragraph 1 item b) of this Article, without VAT to be paid or VAT paid in the Member State where the goods dispatch or transport started.

(4) An acquirer who does not want to be subjected to the acquisition threshold must submit a written statement to the competent Tax Administration office that he waives the prescribed threshold, prior to the acquisition of goods for which he does not want the acquisition threshold to be applied, and this shall be binding for a period of two calendar years. The



statement may be revoked in writing upon expiration of the prescribed time period.

IV TAXABLE PERSON

Article 6

(1) Within the meaning of this Act, the "taxable person" shall refer to any person who independently performs any economic activity regardless of the purpose or result of that activity performance.

(2) Within the meaning of paragraph 1 of this Act, "economic activity" shall refer to any activity of manufacturers, traders or persons who supply services, including mining and agricultural activities, as well as independent profession activities. Economic activity shall also include the exploitation of tangible or intangible assets for the purpose of permanent income generation.

(3) Within the meaning of paragraph 1 of this Article, "independence" shall not exist for employees and other persons connected to an employer with a labour agreement or another agreement governing the relationship of the employer and employee in terms of employment conditions, fees and employer's obligations, which has the characteristics of dependence.

(4) A taxable person shall also mean any person who occasionally supplies new means of transport referred to in Article 4 paragraph 3 of this Act, which are dispatched or transported to the buyer by the seller, the buyer himself or another person for their account to the territory of another Member State.

(5) Within the meaning of paragraph 1 of this Article, the term taxable persons shall not refer to state government bodies, state administration bodies, the bodies and units of local and regional self-government, chambers and other bodies governed by public law or when they collect charges, fees or other payments related to the performance of activities or transactions within their scope or authority. If the performance of those activities as if they are not taxable persons would cause considerable detriment to the market competition principle in the performance of such activities or transactions, those bodies shall be deemed to be taxable persons in relation to those activities or transactions. In case they perform activities referred to in Annex I of this Act, they shall be deemed to be taxable persons, unless they perform them to a negligible extent.

(6) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article.

V TAXABLE TRANSACTIONS

1 Supply of goods

Article 7

(1) Within the meaning of Article 4 paragraph 1 item 1 of this Act, the "Supply of goods" shall refer to the transfer of the right of tangible asset disposal as owner. Tangible asset shall refer to the supply of electricity, gas, heating, cooling and the like.

(2) Within the meaning of paragraph 1 of this Article, the supply of goods shall also refer to:

a) Transfer of property ownership with reimbursement at the order of competent state authorities, on their behalf or based on legal provisions,

b) Actual transfer of goods for disposal under an agreement on the lease of goods, or a fixed-term lease or the sale of goods with a payment delay, which determines that ownership of those goods is acquired after the last instalment payment at the latest,

c) The transfer of goods under an agreement according to which a purchase or sale commission is paid.

(3) The supply of goods for consideration shall refer to the use of goods which form part of the taxable person's business assets for his private purposes or for the private purposes of his employees, if they dispose of the assets without



consideration or if they generally use them for purposes other than for the performance of the taxable person's activities, and if input tax has been entirely or partially deducted for those goods or their parts.

(4) By way of derogation from paragraph 3 of this Article, the supply of goods for consideration shall not refer to the free awarding of samples in reasonable amount to buyer or future buyers and awarding gifts of little value carried out by the taxable person as part of his economic activity, under the condition that those gifts are given occasionally and not to the same persons. Gifts of little value refers to gifts with value under HRK 160.00.

(5) The supply of goods for consideration shall refer to the transfer of goods which are part of the taxable person's business assets which were, for the purposes of the taxable person's activity, dispatched or transported by the taxable person himself or another person for his account to another Member State.

(6) The movement of goods within the European Union, within the meaning of paragraph 5 of this Article, shall not refer to the dispatch and transport of goods for any of the following purposes:

- a) For the supply of those goods performed by the taxable person on the territory of the Member State where shipment or transport ends in accordance with the requirements referred to in Article 13 paragraphs 3 and 4 of this Act,
- b) For the supply of those goods performed by the taxable person on a ship, in an aircraft or a train under the provisions of Article 14 of this Act,
- c) For the supply of those goods, exempt from VAT payment under Article 41 paragraph 1 and Articles 45, 46, 47 and 48 of this Act,
- d) For the supply of the service of estimating the values of goods or work on those goods to a taxable person in a Member State in which the dispatch or transport of goods ends, under the condition that the goods are returned to the same taxable person on the home territory after the goods or work estimate service has been performed,
- e) For temporary use of the goods to perform services in another Member State in which the transport or dispatch of those goods ends, when those services are performed by a taxable person with headquarters on home territory,
- f) For temporary use of the goods for a period not longer than 24 months, within the territory of another Member State in which the import of those same goods from the territory of a third country, for the purposes of their temporary use, would be included in the temporary import procedure with full exemption from import duties,
- g) For the supply of gas via a natural gas system located on the territory of the European Union or any network connected to such a system, for the supply of electricity, heating or cooling via a heating or cooling network, under the conditions referred to in Article 15 of this Act,
- h) For the supply of those goods performed by the taxable person, for the purposes of their assembly or installation performed by the supplier or another person for their account, to a Member State where dispatch or transport ends in accordance with the conditions referred to in Article 13 paragraph 10 of this Act.

(7) If one of the conditions referred to in paragraph 6 of this Article ceases to be fulfilled, it shall be deemed that the goods were moved to another Member State. In that case, it shall be deemed that the goods were moved the moment that condition ceased to be fulfilled.

(8) Supply of goods for consideration shall apply if the taxable person or his successor keeps the goods after termination of economic activity, and if VAT was deducted in part or in whole during the purchase of those goods.

(9) In case of transfer with or without consideration, or in the form of stakes in the company, total assets or part of the assets that form an economic unit, to another taxable person (recipient), it shall be deemed that the supply did not occur, and that taxable person shall be deemed as the legal successor of the transferor.

(10) If the recipient referred to in paragraph 9 of this Article uses the acquired property for purposes other than that for which he is entitled to input tax deduction, he must calculate and pay VAT in accordance with the provisions of this Act.

(11) The Minister of Finance shall lay down, by virtue of ordinance, the implementation of this Article with regard to the performance of the supply of goods with and without consideration.

2 Supply of services

Article 8



(1) "Supply of services" shall refer to any transaction not deemed to be the supply of goods within the meaning of Article 7 of this Act.

(2) Supply of services shall also refer to:

1. The transfer of rights,
2. Refrain from an act or endurance of an act or state,
3. Supply of services at the order of competent state authorities or on their behalf or based on legal provisions.

(3) Supply of services for consideration shall refer to:

a) The use of goods which form part of the taxable person's business assets for his private purposes or the private purposes of his employees or generally for purposes other to perform his activity, for which input tax was entirely or partially deducted,

b) The supply of services without consideration by a taxable person for his private purposes or the private purposes of his employees or generally for purposes other than to perform his activity.

(4) If the taxable person, acting in his own name, but for the account of another person, participates in the supply of services, it shall be deemed that he himself received and supplied those services.

(5) The Minister of Finance shall, by ordinance, prescribe the implementation of this Article with regard to the supply of services.

3 Acquisition of goods within the European Union

Article 9

(1) "Acquisition of goods" within the European Union" shall mean the acquisition of the right to dispose of movable tangible assets as owner, which the seller or acquirer of goods or another person for their account dispatches or transports to the acquirer of those goods to the Member State that is not the Member State where dispatch or transport of those goods started.

(2) If the goods importer is a non-taxable legal person if they perform goods acquisition within the European Union in another Member State, they have the right to the refund of VAT paid for the import of goods to the home territory, if they can prove that VAT was calculated for the acquisition of goods within the European Union in a Member State where the dispatch or transport of those goods ended.

(3) The acquisition of goods within the European Union for consideration shall refer to situations when the armed forces of a North Atlantic Treaty Organisation (NATO) Member State use, for their purposes of the purposes of accompanying civil personnel, the goods that were not procured in accordance with the general taxation rules on the home territory, if they do not meet the requirements for exemption referred to in Article 44 paragraph 1 item 31 of this Act during the import of those goods.

(4) The Acquisition of goods within the European Union for consideration shall refer to the use of goods which the taxable person, for the purposes of his business, or another person for his account, dispatched or transported to the home territory from another Member State in which those goods were produced, extracted, processed, purchased or acquired within the meaning of Article 4 paragraph 1 item 2 of this Act or to which the taxable person imported them for the purposes of his business.

(5) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the acquisition of goods within the European Union.

4 Triangular Transactions

Article 10



(1) Within the meaning of this Act, the “triangular transaction” shall mean the transaction concluded by three taxable persons from three different Member States for the same goods transported or dispatched from the first supplier to the final buyer, when the conditions for exemption referred to in paragraph 2 of this Article have been fulfilled. This is also applied when the final buyer is a non-taxable legal person, and who is registered for VAT purposes.

(2) The acquisition of goods within the European Union that is in accordance with Article 27 paragraph 1 of this Act performed on the home territory shall be exempt from VAT under the following conditions:

a) The taxable person (acquirer) has no headquarters or permanent residence and is not registered for VAT purposes on the home territory, but is registered for VAT purposes on the territory of the European Union in some other Member State,

b) The acquisition of goods was performed for the purposes of further supply of goods that is performed by a taxable person (acquirer) referred to in item a) of this paragraph on home territory,

c) Acquired goods are dispatched or transported directly from another Member State in which the taxable person referred to in item a) of this paragraph is not registered for VAT purposes to the recipient of further supply,

d) The recipient of further supply of goods is a taxable person or non-taxable legal person and is registered for VAT purposes on the home territory,

e) The recipient referred to in item d) of this paragraph shall pay VAT under paragraph 4 of this Article.

(3) If exemption within the meaning of paragraph 2 of this Article is applied, then the invoice must contain the following information, in addition to the information referred to in Article 79 paragraph 1 of this Act:

a) Reference to the provisions of Article 141 of the Council Directive 2006/112/EC and the note “reverse charge”,

b) The VAT identification number under which the taxable person (acquirer) performed the acquisition within the European Union and the further supply of goods,

c) The VAT identification number of the supply recipient.

(4) For a triangular transaction, the recipient of the taxable supply of goods shall pay VAT if the conditions referred to in paragraph 2 and 3 of this Article were fulfilled.

(5) In case of a triangular transaction within the meaning of this Act, the acquirer performing further supply of goods must list the information referred to in Article 89 paragraph 1 of this Act in the Aggregate Application.

(6) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to triangular transactions.

5 Import of goods

Article 11

(1) Import of goods shall refer to any entry of goods to the European Union that are not in free circulation on the territory of the European Union, in accordance with customs regulations.

(2) In addition to the import of goods referred to in paragraph 1 of this Article, the import of goods shall also include the entry of goods that are in free circulation on the territory of the European Union and which originate from third territories who are part of the customs area of the European Union in accordance with customs regulations.

6 Vouchers

Article 11a



(1) Within the meaning of this Act, a “voucher” shall mean an instrument for which there is an obligation to be accepted as compensation or partial compensation for the supply of goods or services and when the goods or services being supplied or the identity of their potential suppliers are marked either on the instrument or on the related documentation, including the terms of use for such an instrument.

(2) The types of vouchers include:

a) A “single-purpose voucher” shall mean a voucher for which the place of supply of the goods and services covered by the voucher and the VAT to be paid for those goods or services are known at the time of the voucher issuance,

b) A “multi-purpose voucher” shall mean a voucher that is not a single-purpose voucher.

Note: Article 11a shall enter into force on 1 January 2019.

Article 11b

(1) Any transfer of a single-purpose voucher performed by a taxable person acting on his own behalf shall be deemed as supply of goods or services covered by the voucher. The actual transfer of the actual supply of the services in exchange for a single-purposes voucher which the supplier accepted as compensation or part of compensation shall not be deemed as independent transaction.

(2) If the transfer of a single-purpose voucher is performed by a taxable person acting on behalf of another taxable person, the transfer shall be deemed as supply of goods or services covered by the voucher, performed by the other taxable person on whose behalf the first taxable person acts.

(3) When the supplier of goods or services is not a taxable person who, acting in his own name, issued a single-purpose voucher, it shall be deemed that the supplier carried out the supply of goods or services related to that voucher to that taxable person.

Note: Article 11b shall enter into force on 1 January 2019.

Article 11c

(1) The actual transfer of goods or the actual supply of services in exchange for a multi-purpose voucher that the supplier accepted as compensation or part of compensation shall be subject to VAT on the basis of Article 4 of this Act, while each previous transfer of that multi-purpose voucher shall not be subject to VAT.

(2) If the transfer of a multi-purpose voucher is carried out by a taxable person who is not the taxable person performing the transaction subject to VAT in accordance with paragraph 1 of this Article, each supply of services that can be determined, such as distribution or promotional services, shall be subject to VAT.

Note: Article 11c shall enter into force on 1 January 2019.

VI PLACE OF TAXATION

1 Place of goods supply

1.1 Place of goods supply without transport

Article 12

The place of supply of goods not dispatched or transported shall be the place where the goods are located at the moment of supply.

1.2 Place of goods supply with transport

Article 13

(1) The place of supply of goods dispatched or transported by the supplier, buyer or a third person shall refer to the place where the goods are located at the start of the dispatch or transport to the buyer.

(2) If the place from which the goods are dispatched or transported a third territory or a third country, then the place of supply of goods performed by the importer, as well as the place of any subsequent supply of those goods, shall refer to the Member State of import.

(3) By way of derogation from paragraphs 1 and 2 of this Article, the place of supply of goods which the supplier or another person dispatches or transports for the supplier's account from the Member State that is not the Member State where the dispatch or transport ends shall refer to the place where the goods are located at the moment when the dispatch or transport to the buyer ends, if the following conditions have been fulfilled:

a) The goods are supplied to the taxable person or non-taxable legal person, and whose acquisition of goods within the European Union is not subject to VAT taxation under Article 5. paragraph 1 items a) and b) of this Act, or to any other non-taxable person,

b) The supply is not the supply of new means of transport referred to in Article 4 paragraph 3 of this Act or the supply of goods after their assembly or installation without or without test operation, performed by the supplier or another person for the supplier's account.

(4) When goods supplied under paragraph 3 of this Article are dispatched or transported from a third territory or a third country and if the supplier imports them into a Member State which is not the Member State in which the dispatch or transport ends, it shall be deemed that the goods were dispatched or transported from the importing Member State.

(5) Paragraphs 3 and 4 of this Article shall not apply to the supply of goods that are entirely dispatched or transported to the same Member State where the dispatch or transport ends, if the following conditions have been fulfilled:

a) Supplied goods are not goods that are subject to excise duty within the meaning of Article 4 paragraph 4 of this Act,

b) The total value of such supply without VAT, carried out under the conditions referred to in paragraphs 3 and 4 of this Act, to a Member State in which transport and dispatch end, did not exceed the supply threshold prescribed by that Member State in the current calendar year,

c) The total value of such supply without VAT, other than products subject to excise duty, under the conditions referred to in paragraphs 3 and 4 of this Act, to a Member State in which transport or dispatch ends, did not exceed the supply threshold prescribed by that Member State in the previous calendar year.

(6) In the event that the total value of supplies carried out by the supplier in the previous calendar year or in the current calendar year exceeds the supply threshold prescribed by another Member State, or if the supplier does not wish to be subject to the supply threshold of that Member State, the place of supply of goods, which were dispatched or transported from the home territory by the supplier or another person for his account, shall be the Member State to which the goods were dispatched or transported from the home territory, under the conditions prescribed in paragraph 3 and 4 of this Act. If the supplier decided that the supply threshold prescribed by another Member State does not apply to him, he shall notify the competent Tax Administration office thereof.

(7) In the event that the total value of supplies carried out by the supplier from another Member State in the previous calendar year or in the current calendar year exceeds HRK 270,000.00 (supply threshold), the place of supply of goods dispatched or transported to the home territory by the supplier or another person for his account shall be the home territory in accordance with paragraph 3 of this Article.

(8) The supplier referred to in paragraph 3 of this Article may, regardless of the fact that the total value of his supplies in the previous calendar year or the current calendar year failed to exceed the supply threshold prescribed in paragraph 7 of this Article, decide that the place of such supply is on the home territory.

(9) The supplier referred to in paragraph 8 of this Article who declares that he does not wish for the supply threshold referred to in paragraph 7 of this Article to apply to him must apply that for at least two calendar years and must submit to the Tax Administration a request for VAT identification number referred to in Article 77 paragraph 6 of this Act.

(10) The place of supply of goods dispatched or transported by the supplier, buyer or a third person, which are assembled or installed by the supplier or another person for his account without or without test operation, shall be the place where those goods are assembled or installed.



1.3 Place of goods supply on vessels, in aircraft or on trains

Article 14

(1) The place of supply of goods supplied on vessels, in aircraft or on trains during a section of passenger transport performed in the European Union shall be the starting place of passenger transport.

(2) A section of passenger transport performed in the European Union, within the meaning of paragraph 1 of this Article, shall refer to the part of the transport performed between the starting place and the end place of passenger transport without stopping on the territory outside the European Union.

(3) Within the meaning of paragraph 2 of this Article:

a) The "starting place of passenger transport" is the first planned place of passenger embarkation within the European Union, when necessary after stopping outside the European Union,

b) The "end place of passenger transport" shall be the last planned disembarkation place within the European Union of those passengers that have embarked in the European Union, when necessary after stopping outside the European Union.

(4) In case of a return journey, the return section shall be deemed as a separate transportation service.

1.4 Place of goods supply via a system for natural gas, electricity, heating or cooling

Article 15

(1) For gas supply via a system for natural gas located on the territory of the European Union or via any network connected to such a system and the supply of electricity, heating or cooling via a heating or cooling network to the taxable person reseller, the place of supply shall be the place where that reseller has the headquarters or a permanent establishment through which goods are supplied, and if such headquarters or a permanent establishment do not exist, the place of his permanent or habitual residence.

(2) A taxable person reseller referred to in paragraph 1 of this Article shall mean the taxable person whose primary activity is the purchase and sales of gas, electricity, heating or cooling and whose own consumption of those products is negligible.

(3) When supplying gas via a system for natural gas located on the territory of the European Union or via any network connected to such a system, for the supply of electricity, heating or cooling via a heating or cooling network, if such supply is not referred to in paragraphs 1 and 2 of this Article, the place of supply shall be the place where the buyer actually uses and consumes those goods.

(4) If the buyer referred to in paragraph 3 of this Article did not entirely or partially actually consume natural gas, electricity, heating or cooling, it shall be deemed that those unused goods have been used and consumed at the place where the buyer to whom goods are supplied has headquarters or a permanent establishment to which those goods had been supplied. In the absence of such headquarters or a permanent establishment, it shall be deemed that the buyer used and consumed goods at the place where his permanent or habitual residence is located.

2 Place of the supply of services

2.1 General provisions

Article 16

In determining the place of the supply of services, the following shall apply:

1. A taxable person who performs activities or supplies that are not deemed to be taxable supplies of goods or services within the meaning of Article 4 paragraph 1 of this Act, shall be deemed as a taxable person in relation to all other services supplied to him,
2. A non-taxable legal person, and is registered for VAT purposes, shall be deemed to be a taxable person.

Article 17

(1) The place of the supply of services to a taxable person who acts as such shall be the place of the headquarters of that taxable person. If those services are supplied to a permanent establishment of a taxable person at a place other than the place of the taxable person's headquarters, the place of the supply of services shall be the headquarters of the permanent establishment. In the absence of such headquarters or a permanent establishment, the place of the supply of services shall be the permanent or habitual residence of the taxable person who is the service recipient.

(2) The place of the supply of services to the non-taxable person shall be the place in which the taxable person supplying those services has his headquarters. If those services are supplied by a permanent establishment of the taxable person which is located at a place different than the taxable person's headquarters, the place of the supply of services shall be the headquarters of the permanent establishment. In the absence of such headquarters or a permanent establishment, the place of the supply of services shall be the permanent or habitual residence of the taxable person supplying the service.

(3) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article on the type and place of the supply of services.

2.2 Special provisions

2.2.1 Services supplied by intermediaries provided to non-taxable persons

Article 18.

The place of the supply of services to a non-taxable person provided by a mediator on behalf of and for the account of another shall be the place where the mediated transaction in accordance with the provisions of this Act was performed.

2.2.2 Real estate related services

Article 19

The place of the supply of services related to real estate, including the services of professionals and brokers for the sale of real estate, accommodation in hotels and similar facilities including camps for recreation or camping sites, the provision of the right to use real estate and the services of preparing and coordinating construction work, such as the services of architects or construction supervision, shall be the place where the real estate is located.

2.2.3 Transportation services

Article 20

(1) The place of supply of passenger transportation services shall be the place where transportation is provided, in proportion to distances travelled.

(2) The place of supply of goods transportation services, other than goods transportation within the European Union, to persons who are not taxable persons shall be the place where transportation is provided, in proportion to distances travelled.



(3) The place supply of goods transportation services within the European Union to persons who are not taxable persons shall be the place where transportation started.

(4) The "transportation of goods within the European Union" shall refer to the transportation of goods where the starting place of transportation and the end place of transportation are located on territories of two different Member States.

(5) The "starting place of transport" shall mean the place where the goods transportation actually starts, regardless of the distance travelled to the place where the goods are located, and the "end place of transportation" shall mean the place where the goods transportation actually ends.

(6) VAT shall not be calculated for persons who are not taxable persons for the part of goods transports within the European Union performed on waters not belonging to the territory of the European Union.

2.2.4 Services in culture and similar services, auxiliary transportation services and service related to movable goods

Article 21

(1) The place of supply of services of access to cultural, artistic, sporting, scientific, educational, entertainment and similar events such as exhibitions and fairs and of supplying ancillary services related to such access, provided for a taxable person, shall be the place where those events actually take place.

(2) The place of supply of services and ancillary services related to cultural, artistic, sporting, scientific, educational, entertainment and similar activities such as exhibitions and fairs, including the supply of organization services for such activities for a non-taxable person, shall be the place where those activities are actually performed.

(3) The place of the supply of the following services for a non-taxable person shall be the place where those services actually take place:

- a) Auxiliary transport services such as loading, unloading, reloading, handling and the like,
- b) Assessment of movable tangible goods and works on such goods.

2.2.5 Food preparation services and services of supply with prepared food and drink

Article 22

(1) The place of the supply of services of food preparation and catering services in catering facilities and the preparation and serving of drinks in those facilities, other than those actually supplied on vessels, in aircraft or on trains during a section of passenger transport performed within the European Union, shall be the place where those services are actually provided.

(2) The place of the supply of services of food preparation and catering services and the preparation and serving of drinks actually supplied on vessels, in aircraft or on trains during a section of passenger transport performed within the European Union shall be the starting place of passenger transport.

(3) Within the meaning of paragraph 2 of this Article, a section of passenger transport performed within the European Union is the part of transport, without stopping outside of the European Union, between the starting place and the end place of passenger transport.

(4) The starting place and the end place of passenger transport within the meaning of paragraph 3 of this Article, as well as for return voyages, shall refer to the places of passenger transport prescribed in Article 14 paragraph 3 and 4 of this Act.

2.2.6 Renting means of transport

Article 23



(1) The place of supply of services of short-term rental of means of transport shall be the place where those means of transport are actually made available to the service recipient.

(2) The place of means of transport rental, other than short-term rental, to a non-taxable person shall be the place where that person has a headquarters, permanent or habitual residence.

(3) Notwithstanding paragraph 2 of this Article, the rental place of vessels for pleasure to a non-taxable person, other than short-term rental, shall be the place where that vessel was actually made available to the user, if that service is supplied by a supplier from a location where he has headquarters or a permanent establishment located there.

(4) Within the meaning of this Article, short-term renting shall refer to continuous possession or use of means of transport during a period of up to 30 days, or in case of a vessel, up to 90 days.

2.2.7 Other services

Article 24

(1) The place of supply of the following services to a non-taxable person and who has headquarters, permanent or habitual residence outside of the European Union shall be the place where that service recipient has headquarters, permanent or habitual residence:

- a) Transfer and assignment of copyright, patents, licences, trademarks and similar rights,
- b) Advertising services,
- c) Services of consultants, engineers, lawyers, accountants, translators and other similar consulting services,
- d) Data processing services,
- e) Provision of information, including information on business procedures and experience,
- f) Banking and financial transactions, insurance transactions including reinsurance, with the exception of rental of safes,
- g) Personnel provision,
- h) Renting movable tangible assets, other than all means of transport,
- i) Refrain from exercising, in whole or in part, economic activity or rights listed below,
- j) Enabling access to the natural gas system located on the territory of the European Union or access to any network connected to such a system, and access to the electricity system or heating/cooling and transport networks or enabling transmission through such systems or networks, and supply of other services directly related to it.

2.2.8 Elimination of double taxation or non-taxation

Article 25

In order to avoid double taxation, non-taxation or disruption to the principle of market competition, the Minister of Finance may lay down, by virtue of an ordinance, that the following is valid for services referred to in Articles 17, 23, 24 and 26 of this Act:

- a) That the place of supply of those services, located on the home territory, is outside of the European Union if those services are actually used outside of the European Union,
- b) That the place of supply of those services, located outside of the European Union, is on the home territory if those services are actually used on the home territory.



2.2.9 Telecommunication services, services of radio and television broadcasting and electronically supplied services to persons who are not taxable persons

Article 26

(1) The place of supply of the following services to a non-taxable person shall be the place where that person has headquarters, permanent or habitual residence:

- a) Telecommunication services,
- b) Radio and television broadcasting services,
- c) Electronically supplied services.

(2) If the taxable person supplying the service and the service recipient communicated by e-mail, this shall not be deemed as an electronically supplied service.

(3) Within the meaning of this Act, "telecommunication services" shall mean the services which refer to the transmission, broadcasting and reception of signals, text, image and sounds or any kind of information through a wire, radio, optical or other electromagnetic systems, included the transfer or assignment, related to those services, of the rights to use the capacities for such transmission, broadcasting or reception. Within the meaning of this Article, telecommunication services also include providing access to global information networks.

(4) Within the meaning of this Act, "electronically supplied services" shall refer to:

- a) Supply of websites, hosting of websites, remote maintenance of programs and equipment,
- b) Supply of computer programs and their updating,
- c) Supply of images, texts and information and provision of access to databases,
- d) Supply of music, films and games, including games of chance and gambling and broadcasting of political, cultural, artistic, sporting, scientific and entertainment programs and events,
- e) Distance and remote learning.

3 Place of goods acquisition within the European Union

Article 27

(1) the place of goods acquisition within the European Union shall be the place where dispatch or transport of goods to the acquirer end.

(2) Notwithstanding paragraph 1 of this Article, the place of goods acquisition within the European Union within the meaning of Article 4 paragraph 1 item 2a) of this Act shall be the territory of the Member State that issued the VAT identification number to the acquirer under which the acquirer acquired those goods, unless the acquirer proves that VAT was calculated in accordance with paragraph 1 of this Article for the acquired goods.

(3) If the acquirer proves that the VAT for acquisition was calculated in the Member State in which dispatch or transport of goods ended, the taxable amount shall be correspondingly reduced in the Member State that issued the VAT identification number to the acquirer under which the acquirer acquired the goods.

(4) Notwithstanding paragraph 2 of this Article, is shall be deemed that VAT was calculated for the acquisition of goods within the European Union in accordance with paragraph 1 of this Article, if the acquirer:

- a) Proves that he performed the acquisition for the purposes of further supply on the territory of a Member State in accordance with paragraph 1 of this Article for which the goods recipient is obliged to pay VAT in accordance with Article 75 paragraph 1 item 3 of this Act,



b) Submits an Aggregate Application in accordance with Articles 88 and 89 of this Act.

4 Place of goods import

Article 28

(1) The place of import of goods is the Member State on whose territory the goods are located at the time of entry into the European Union.

(2) By way of derogation from paragraph 1 of this Article, if during entry into the European Union, the goods that are not in free circulation were subjected to one of the procedures referred to in Article 51 paragraph 1 of this Act, the temporary import procedure with full exemption from customs duty or procedures for the transit of foreign goods in accordance with customs regulations, the place of import of such goods is the Member State on whose territory those procedures cease to apply to those goods.

(3) If during entry into the European Union, the goods in free circulation are subjected to one of the procedures referred to in Article 55 paragraphs 2 and 3 of this Act, the place of goods imports shall be the Member State on whose territory those procedures cease to apply to those goods.

VII CHARGEABLE EVENT AND CHARGEABILITY OF VAT

1 General provisions

Article 29

(1) A "chargeable event" shall mean the occurrence by virtue of which the legal conditions necessary for VAT to become chargeable are fulfilled.

(2) VAT shall become "chargeable" when the Tax Administration becomes entitled under the law, at a given moment, to claim the tax from the person liable to pay, even though the time of payment may be deferred.

2 Supply of goods or services

Article 30

(1) The chargeable event shall occur and VAT shall become chargeable when the goods or the services are supplied.

(2) If invoices are continuously issued or payments are continuously made for the supply of goods, other than those referred to in Article 7 paragraph 2 item b) of this Act, or the supply of services, it shall be deemed that the goods and services were supplied after the expiry of the period to which such invoices or payments refer.

(3) Continuous supply of goods performed over a period longer than one calendar month, dispatched or transported to a Member State in which dispatch or transport of those goods did not start and which the taxable person, in order to perform economic activity, supplies or moves with the application of VAT exemption to another Member State in accordance with the provisions of Article 41 paragraph 1 of this Act, shall be deemed performed upon the expiry of each calendar month until the supply ends.

(4) The services for which the services recipient is obliged to pay VAT under Article 75 paragraph 1 item 6 of this Act, and which are continuously supplied over a period longer than one year and for which no invoices or payments were issued or made during that period shall be deemed performed upon the expiry of each calendar year, until the supply of those services is stopped.

(5) For received advance payment, the obligation to calculate VAT for the received month shall arise at the moment advance payment is received.



(6) If the supply of goods or services is performed, and an invoice is not issued, the obligation to calculate VAT arises when the chargeable event arises.

(7) The obligation to calculate VAT for the supply of goods referred to in Article 7 paragraphs 3 and 8 of this Act, and for the services referred to in Article 8 paragraph 3 of this Act shall arise when the chargeable event arises.

(8) When, in accordance with the provisions of Article 41 paragraph 1 of this Act, the goods are dispatched or transported to a Member State where the dispatch or transport of those goods did not start or when the taxable person moves those goods to another Member State in order to perform economic activity, VAT shall be calculated at the moment the invoice is issued or upon the expiry of the time limit referred to in Article 78 paragraph 4 of this Act, if the invoice is not issued by that point.

(9) The provisions of paragraphs 3 and 6 of this Article shall not apply to supply and transfer of goods referred to in paragraph 8 of this Article.

(10) The provisions of paragraph 1 of this Article shall also apply in cases referred to in Article 79 paragraphs 10 and 11 of this Act.

(11) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article on the occurrence of a chargeable event and the obligation of VAT calculation.

3 Acquisition of goods within the European Union

Article 31

(1) A chargeable event shall occur at the moment of goods acquisition within the European Union. It shall be deemed that the goods acquisition within the European Union is performed when the supply of similar goods is deemed performed on the home territory.

(2) The obligation to calculate VAT for the acquisition of goods within the European Union shall arise at the moment the invoice is issued or upon the expiry of the time limit referred to in Article 78 paragraph 4 of this Act if the invoice is not issued up to that point.

4 Import of goods

Article 32

(1) A chargeable event and the obligation to calculate VAT on import of goods shall arise at the moment the goods are imported.

(2) If, during the import of goods to the European Union, one of the proceedings referred to in Article 51 paragraph 1 and Article 55 paragraphs 2 and 3 of this Act or the procedure of temporary import with full exemption from customs duties or the procedure for the transit of foreign goods is applied, in accordance with customs regulations, the chargeable event and the obligation to calculate VAT shall arise when goods cease to be subject to those proceedings.

(3) If imported goods referred to in paragraph 2 of this Article are subject to customs duties, agricultural duties or charges having equivalent effect as established in accordance with the common policy of the European Union, the chargeable event and obligation to calculate VAT shall arise when the requirements for the calculation and collection of those charges are met.

(4) If imported goods are not subject to charges referred to in paragraph 3 of this Article, the chargeable event and the obligation to calculate VAT shall arise at the moment when the obligation to calculate customs duty would have arisen according to customs regulations, if it was prescribed.

VIII TAXABLE AMOUNT

1 Taxable amount for the supply of goods and services



Article 33

(1) The taxable amount for the supply of goods and services shall refer to the fee comprised of everything the supplier received or is to receive from the buyer or another person for those supplies, including the amount of subsidies directly related to the price of supplied goods or services.

(2) The taxable amount includes the amounts of taxes, customs duties, fees and similar charges, except for VAT, and ancillary costs such as commissions, the costs of packaging, transport and insurance which the goods or services supplier charges to the buyer or recipient.

(3) The taxable amount shall not include price reductions or discounts due to early payment or rebates granted to the customer at the time of supply, nor the amounts which the taxable person charges to or receives from the buyer as refund for the expenses paid on his behalf and for his account and which are entered into records as transitory items. The taxable person must have proof of the amount of expenses related to transitory items and may not deduct VAT if it is calculated for it.

(4) The taxable amount for the supply of goods referred to in Article 7 paragraphs 3 and 8 of this Act shall be the purchase price of those and similar goods, and if that price is unknown, the amount of costs determined at the moment of supply.

(5) The taxable amount for services referred to in Article 8 paragraph 3 of this Act shall be the total cost of supplying services.

(6) For the transfer of goods to another Member State within the meaning of Article 7 paragraphs 5 and 7 of this Act, the taxable amount shall be the purchase price of those and similar goods, and if that price is unknown, the amount of costs determined at the moment of the transfer of goods.

(7) If the taxable amount is subsequently changed due to revocation, various discounts or the inability to collect, then the taxable person who supplied the goods or service may correct the VAT amount if the taxable person for whom the goods were supplied or services performed corrects the deduction of input tax and notifies the supplier in writing.

(8) The taxable amount shall not include the cost of return packaging for which special records are kept.

(9) In case of supply of goods or services for persons who have family or other close personal ties to the taxable person and in the event of financial and legal ties, including employer-employee relationships as well as members of their families, relationships based on membership, management or ownership, the taxable amount shall be market value within the meaning of paragraph 10 of this Article if:

a) The fee is lower than the market value, and the supply recipient does not have the right to full input tax deduction within the meaning of this Act,

b) The fee is lower than the market value, and the supplier does not have the right to full input tax deduction within the meaning of this Act and the supplies are VAT exempt in accordance with the provisions of Article 39 paragraph 1 and Article 40 paragraphs 1 and 2 of this Act,

c) The fee is higher than the market value, and the supplier does not have the right to full input tax deduction within the meaning of this Act.

(10) Market value shall mean the total amount which the buyer or supplier should pay to the goods or service supplier on the home territory at the moment of goods supply or supply of services under the principle of non-disruption of market competition. If comparable supply of goods or services cannot be determined, the market value shall refer to:

a) For goods, the amount which is not lower than the purchase price of those or similar goods or if that price is unknown, the total amount of determined costs at the moment of supply,

b) For services, the amount which is not lower than the total determined costs of supply of services borne by the taxable person.

(11) Notwithstanding paragraph 1 of this Article, the taxable amount for the supply of goods or services performed in relation to a multi-purpose voucher shall be equal to the fee paid for a voucher or, if there are no information about that fee, the monetary value specified on the multi-purpose voucher or in related documentation, minus the VAT amount which refers to the supplied goods or services.

(12) The Minister of Finance shall, by ordinance, prescribe the implementation of this Article on the taxable amount.

Note: Article 33 paragraph 11 shall enter into force on 1 January 2019.

2 Taxable amount for goods acquisition within the European Union

Article 34

(1) The taxable amount for goods acquisition within the European Union shall be determined based on the same elements referred to in Article 33 of this Act which are used to determine the taxable amount for the supply of the same goods on the home territory. In case of acquisition of goods referred to in Article 9 paragraphs 3 and 4 of this Act, the taxable amount shall be the purchase price of those and similar goods or, if that price is unknown, the amount of costs determined at the moment of supply.

(2) The taxable amount within the meaning of paragraph 1 of this Article shall also include excise duties which the acquirer of goods subject to excise duties within the European Union is obliged to pay or has paid.

(3) If, after the acquisition of goods within the European Union, the goods acquirer obtains a refund of the excise duty paid in the Member State where the dispatch or transport of those goods started, the taxable amount for the acquisition of goods shall be reduced accordingly.

3 Taxable amount for goods import to the European Union

Article 35

(1) The taxable amount for the import of goods referred to in Article 4 paragraph 1 item 4 of this Act shall be the customs value determined in accordance with customs regulations.

(2) If not included in the customs value, the following shall be included in the taxable amount on import:

a) Taxes, customs duties, fees and similar charges paid outside the importing Member State and charges paid on import, except VAT,

b) Ancillary costs such as commissions, the costs of packaging, transport and insurance, incurred up to the first destination on the territory of the importing Member State, as well as those incurred during transport to the second destination within the European Union, if that second destination is known at the time the chargeable event occurred.

(3) The "first destination" referred to in paragraph 2 item b) of this Article shall be the place indicated on the bill of lading or any other transport document based on which goods are imported. If such place is not indicated in the document, the first destination shall be the place of first reloading of goods in the importing Member State.

(4) If some goods are temporarily exported from the European Union and reimported after being repaired, processed or modified, adjusted or remade outside the European Union, then the taxable amount, by way of derogation from paragraph 1 of this Article, shall be determined according to the fee charged for those services. If such a fee was not charged, then the taxable amount shall be determined according to the value of the fee charged for the repair, processing, modification, adjustment or remaking in accordance with customs regulations.

(5) The taxable amount shall not include:

a) Price reductions due to early payment,

b) Discounts on prices and rebates approved and calculated for the buyer at the moment of import.

(6) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article on the taxable amount for the import of goods.

4 Other provisions

Article 36



(1) If elements for determining the taxable amount on import of goods are expressed in a foreign currency, the exchange rate shall be determined in accordance with the European Union regulations governing the calculation of customs value.

(2) If elements for determining the taxable amount, except during import of goods, are expressed in a foreign currency, the medium exchange rate of the Croatian National Bank on the day obligation of VAT calculation arose shall be used to convert the amount to HRK.

(3) By way of derogation from paragraph 2 of this Article, the taxable person may apply the exchange rate published by the European Central Bank on the day the VAT calculation obligation arose. The conversion of currencies other than Euro shall be made by applying the exchange rate of each currency for Euro.

IX VAT RATES

1 Application of VAT rates

Article 37

(1) VAT shall be calculated at the rate applicable at the time of the chargeable event.

(2) By way of derogation from paragraph 1 of this Article, VAT shall be calculated at the rate applicable at the moment the obligation to calculate VAT arises:

- a) In case of goods acquisition within the European Union,
- b) In cases referred to in Article 32 paragraphs 3 and 4 of this Act.

(3) For the acquisition of goods within the European Union performed on the home territory, the VAT rate applied for such goods on the home territory shall also apply to these goods.

2 VAT rates

Article 38

(1) VAT shall be calculated and paid at the rate of 25 %.

(2) VAT shall be calculated and paid at a reduced rate of 5 % on supply of the following goods and services:

- a) All types of bread,
- b) All types of milk (cow, sheep, goat) marketed under the same name in liquid form, fresh, pasteurized, homogenised, condensed (other than soured milk, yoghurt, kefir, chocolate milk and other milk products), breast milk substitutes,
- c) Books of professional, scientific, artistic, cultural or educational content, textbooks for education, for primary, secondary and tertiary education, in all physical forms,
- d) Medicines on prescription which have the approval of the competent authority for medicines and medical products,
- e) Medical equipment, aids and other devices used for relief in disability treatment and exclusively for personal use by disabled people prescribed in the Ordinance on Orthopaedic and Other Aids of the Croatian Health Insurance Fund,
- f) Cinema tickets,
- g) Newspaper of the newspaper publisher which has the status of a medium, printed on paper and published daily, other than those that, in whole or in part, contain advertisements or serve for advertising,
- h) Scientific journals.



(3) VAT shall be calculated and paid at a reduced rate of 13% on supply of the following goods and services:

- a) Accommodation services or accommodation with breakfast, half board or full board in hotels and similar facilities, including holiday accommodation, rental of premises in recreation camps or in places designated for camping and accommodation in nautical tourism facilities on water,
- b) Newspapers and periodicals of a newspaper publisher with the status of a medium, as well as newspapers and periodicals of a newspaper publisher for which there is no obligation to issue the medium status under special regulation, other than those referred to in paragraph 2 item g) of this Article, published on paper and issued periodically and other than those that, in whole or in part, contain advertisements or serve for advertising,
- c) Edible oils and fats of plant and animal origin,
- d) Child car seats, baby food and processed cereal-based food for infants and young children,
- e) Supply of water, other than water marketed in bottles or other packaging, in terms of public water supply and public drainage under special regulation,
- f) Concert tickets,
- g) Supply of electricity to another supplier or end user, including fees related to that supply,
- h) Public service of collection of mixed municipal waste, biodegradable municipal waste and separate collection of waste under special regulation,
- i) Urns and coffins,
- j) Bedding plants and seeds,
- k) Fertilizers, pesticides and other agrochemicals,
- l) Feed, other than pet food.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the application of a reduced VAT rate.

X VAT EXEMPTION

1 Exemption for certain activities of public interest

Article 39

(1) The following shall be VAT exempt:

- a) Universal postal service and related supply of accompanying goods other than passenger transport and telecommunication services,
- b) Hospital and medical care and closely related activities performed by bodies governed by public law and, under conditions which are socially similar to the conditions applied to bodies governed by public law, hospitals, medical centres or medical diagnostics centres and other similar acknowledged institutions,
- c) Providing medical care as part of medical and auxiliary medical profession, irrespective of their legal form,
- d) Supply of human organs, blood or mother's milk,
- e) Services provided by dental technicians and the supply of dental/prosthetic substitutes supplied by dental technicians and doctors of dental medicine, irrespective of legal form,
- f) Services supplied for members by associations which perform VAT exempt activities or for which they are not taxable person, if those services are directly aimed at performing their activity, under the condition that those associations require their members to compensate only for their part of the total costs for the service supplied and that such

exemption does not result in distortion of market competition,

- g) Services and supply of goods related to social care, including those who supply them to nursing homes and homes for the elderly, institutions, bodies governed by public law and other similar persons,
- h) Service and supply of goods related to the protection of children and youth carried out by institutions, bodies governed by public law and other similar persons,
- i) Education of children and young people, school or university education, vocational training and retraining, including closely related services and goods, carried out by bodies governed by public law or other person, with similar goals,
- j) Classes privately held by teachers which includes primary, secondary and tertiary education,
- k) Providing staff from religious or philosophical institutions for the purposes prescribed in items b), g), h) and i) of this Article for the purpose of spiritual care,
- l) Services and closely related supply of goods which non-profit legal persons with goals of political, trade union, religious, patriotic, philosophical, charitable or other general nature provide to their members in their common interest in exchange for membership determined in accordance with the rules of those persons, under the condition that exemption will not distort the principle of market competition,
- m) Services closely related to sport or physical education supplied by non-profit-making legal persons to persons engaged in sport or participating in physical education,
- n) Services in culture and closely related supply of goods, performed by institutions in culture, bodies governed by public law or other legal persons in culture,
- o) Services and supply of goods carried out by legal persons whose activities are VAT exempt in accordance with the provisions of items b), g), h), i), l), m) and n) of this Article concerning events organized in order to collect funds solely for their benefit, provided that the exemption does not disrupt the market competition principle,
- p) Transport services for sick and injured persons in vehicles specially made for that purpose, performed by authorized persons
- r) Public radio and television services, other than commercial services.

(2) Exemption from VAT shall not apply to the supply of goods or services referred to in paragraph 1 items b), g), h), i), l), m) and n) of this Article if:

- a) Those supplies of goods or service are not necessary for VAT exempt supplies or
- b) Their primary purpose is to generate additional income for the aforementioned persons by performing supplies directly competing with the supply of taxable persons calculating VAT.

(3) Exemptions from VAT payments shall apply to the supply of goods or services referred to in paragraph 1 items b), g), h), i), l), m) and n) of this Article if they are performed by other persons who are not granted public authority, provided that they do not seek to generate profit and if profit is generated, that it is not distributed but used for the continuation or improvement of the supply of services.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to VAT exemption for activities of public interest and with regard to persons to which the exemption is applied.

2 Exemption for other activities

Article 40

(1) The following shall be VAT exempt:

- a) Insurance and reinsurance transactions, including related services supplied by insurance and reinsurance intermediaries and insurance agents
- b) Loan and credit approval, including mediation in those transactions, as well as loan and credit management when this is done by the person granting approval



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- c) Arranging credit guarantees and all other business under credit guarantees or another money insurance and credit guarantee management when this is done by the person granting credit
 - d) Transactions, including mediation, related to savings, current and giro accounts, payments, transfers, debts, checks and other transferable instruments, except debt collection,
 - e) Transactions, including mediation, related to currencies, banknotes and coins used as legal tender, except collector's items, i.e. coins made of gold, silver or other metal and banknotes which are generally not used as legal tender or coins of numismatic interest,
 - f) Transactions, including mediation, other than management and storage, related to stocks, shares in companies or associations, bonds and other securities, with the exception of documents establishing a right over goods and except rights or securities establishing certain rights to real estate
 - g) Investment fund management services
 - h) Supply of postal stamps at nominal value for postal services on the home territory and state or other similar notes,
 - i) Organizing lottery games, games of chance in casinos, betting games and games of chance on machines,
 - j) Supply of buildings or their parts and the land where they are located, other than supply prior to first settlement or use or supply where no more than two years passed from the date of first settlement or use to the date of the next supply. Within the meaning of this Act, the term building shall refer to an object attached to the ground or secured in the ground,
 - k) Supply of land, other than construction land,
 - l) Renting of residential premises.

(2) VAT exemption shall apply to the supply of goods used exclusively for VAT exempt activities under Article 39 paragraph 1 of this Act and the provisions of paragraph 1 of this Article and the supply of goods for whose acquisition, purchase or use input tax could not be deducted under Article 61 paragraph 1 of this Act.

(3) A taxable person shall have the right of choice for taxation if he approves loans and credited related to carrying out supply of goods and services.

(4) The taxable person shall have the right of choice for taxation of supply referred to in paragraph 1 items j) and k) of this Article under the condition that the buyer is a taxable person who has the right to have VAT in input deducted in full on the basis of supply to which the taxable person wants the right of choice for taxation applied. The right of choice for taxation and the right to input tax deduction may be applied at the moment of supply.

(5) The supply of buildings or their parts and the land where they are located, prior to first settlement or use, or the supply where no more than two years passed from the date of first settlement or use until the date of the next supply within the meaning of paragraph 1 item j) of this article shall also refer to the supply of reconstructed buildings or their parts and the land where they are located, if the costs of reconstruction in the previous two years prior to supply exceed 50 % of retail price.

(6) Building land in the meaning of paragraph 1 item k) of this Article shall refer to the land for which an executive act authorizing building was issued.

(7) First settlement or use within the meaning of paragraph 1 item j) of this Article shall refer to the moment the real estate was put into use, for which the taxable person must have appropriate documentation.

(8) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to VAT exemption for other activities.

Note: Article 40 paragraph 2 shall be amended from 1 January 2018 to read:

(2) VAT exemption shall apply to the supply of goods used exclusively for VAT exempt activities under Article 39 paragraph 1 of this Act and the provisions of paragraph 1 of this Article if input tax was not possible for those goods.

3 Exemption for transactions within the European Union



3.1 Exemption for goods supply within the European Union

Article 41

(1) The following shall be VAT exempt:

- a) The supply of goods which the seller or the person acquiring the goods or another person for their account dispatches or transports from the home territory to another Member State and to another taxable person or non-taxable legal person, but who acts as such in that other Member State,
- b) The supply of new means of transport which the seller, buyer or another person for their account dispatches or transports from the home territory to another Member State and to a taxable person or non-taxable legal person, whose acquisition of goods within the European Union is not subject to VAT taxation or to any other non-taxable person,
- c) The supply of goods subject to excise duty which the seller, buyer or another person for their account dispatches or transports from the home territory to another Member State and to a taxable person or non-taxable legal person, whose acquisition of goods within the European Union, other than the goods subject to excise duty, is not subject to VAT taxation, if those goods were dispatched or transported in accordance with regulations governing excise duty,
- d) The supply of goods being transferred to another Member State for which the right to exemption under items a), b) and c) of this Article would apply if they were supplied to another taxable person.

(2) The exemption referred to in paragraph 1 item a) of this Article shall not apply to the supply of goods carried out by a small taxable person referred to in Article 90 paragraph 1 of this Act and to the supply of goods to a taxable person or a non-taxable legal person, whose acquisition of goods within the European Union is not subject to VAT taxation in accordance with Article 5 paragraph 1 items a) and b) of this Act.

(3) The exemption referred to in paragraph 1 item c) of this Article shall not apply to the supply of goods subject to excise duty carried out by a small taxable person referred to in Article 90 paragraph 1 of this Act.

(4) The exemption referred to in paragraph 1 items a), c) and d) of this Article shall not apply to the supply of goods subject to a special margin scheme for used goods, works of art, collectors' items and antiques or a special procedure for sale through public auction.

3.2 Exemption for goods acquisition within the European Union

Article 42

The acquisition of goods within the European Union shall be VAT exempt:

- a) If the supply of those goods carried out by a taxable person on the home territory would be exempt from VAT in any case,
- b) If the import of those goods under Article 44 paragraph 1 items 1 to 25 and Article 44 paragraph 1 items 27 to 34 of this Act would be exempt from VAT in any case,
- c) If the acquirer would in any case, in accordance with Article 67 and 68 of this Act, have the right to the refund of the full VAT amount which he should have to pay under Article 4 paragraph 1 item 2 of this Act.

3.3 Exemptions for certain transport services

Article 43

(1) VAT exemption shall apply to certain services of transport within the European Union for the transport of goods to and from islands forming the autonomous regions of the Azores and Madeira and the transport of goods between those islands.

(2) VAT exemption shall apply to the service of international passenger transport services, except road and railway

transport.

(3) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the application of paragraph 2 of this Article.

4 Exemptions on importation

Article 44

(1) The following shall be VAT exempt:

1. The final import of goods whose supply carried out by a taxable person would be exempt from VAT on the territory of the Republic of Croatia in all cases,
2. Import of goods of a non-commercial nature in the personal luggage of passengers,
3. Import of personal property when moving to the Republic of Croatia, imported by natural persons who have previously continuously stayed outside of the European Union for at least 12 months. The exemption shall not apply to alcohol, alcoholic beverages and alcoholic products, commercial means of transport and goods used for the performance of activities or trades,
4. The import of goods belonging to persons who have previously continuously stayed outside the European Union for at least 12 months, and are moving to the Republic of Croatia for the purpose of marriage. The exemption shall not apply to alcohol, alcoholic beverages and tobacco products,
5. The import of personal property which Croatian and foreign citizens with habitual residence in the Republic of Croatia inherited outside the European Union. The exemption shall not apply to alcohol and alcoholic beverages, tobacco products, commercial means of transport, items used for the performance of activities or trades, raw material supplies and finished products or intermediate products, as well as livestock and supplies of agricultural products whose quantities exceed usual family needs,
6. Import of equipment performed for own purposes and the purposes of education by students who enter Croatia for the purposes of education,
7. Import of goods of non-commercial nature contained in small packaging. Exemption shall not apply to alcohol and alcoholic beverages, tobacco products, tea, perfumes and eau de toilette,
8. Import of business asset goods imported to the Republic of Croatia by a taxable person for the purpose of continuing suspended economic activity and transfer of activity. The exemption shall not apply to means of transport, supply for human consumption or animal nutrition, fuel, raw material supplies, finished products or intermediate products, as well as livestock owned by traders,
9. Import of goods from agriculture, farming, cattle-breeding, forestry, fishery and fish farming and bee-keeping obtained on the holdings of agricultural producers in the border area of the Republic of Croatia bordering with the area which does not belong to the European Union territory, as well as seeds, fertilizers and products for treating soil and yield from those holding and the import of breeding and other products obtained from stock held on those holdings,
10. Import of therapeutic substances of human origin and reagents for determining blood type and tissue type used for non-commercial medical or scientific purposes, of laboratory animals specially bred and sent without consideration for the purposes of scientific research, of biological or chemical substances intended for public or private institutions mostly engaged in education or scientific research and the import of pharmaceutical products for human and animal medicinal use at sporting events,
11. The import of goods specially made and adapted for education, employment or social rehabilitation or blind or other physically or mentally handicapped persons, when imported by institutions or legal persons registered for education and providing assistance to such persons, and obtained without consideration and without commercial intent of the donor,
12. Import of goods obtained for free to meet basic human needs, imported by state and other humanitarian and charitable legal persons and institutions for free distribution to persons in need and in order to collect funds for the benefit of persons in need in occasional charity events. VAT exemption shall also apply to the import of equipment sent for free by a sender outside the European Union to the aforementioned organizations and institutions in order to meet their operational needs and achieve their humanitarian goals. Exemption shall not apply to alcohol and alcoholic beverages, tobacco products, coffee and tax and to motor vehicles, other than emergency medical assistance vehicles,



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13. Import of medals and honours obtained at international events and gifts received as part of international relations, except alcohol and alcoholic beverages and tobacco products, as well as goods used by heads of states and their representatives during official visits,
 14. Import of samples of goods of negligible value used for ordering the same goods and which cannot be used for any other purposes,
 15. Import of printed promotional material such as catalogues, price lists, instructions for use and prospectuses sent by persons with headquarters outside the European Union,
 16. The import of goods used or consumed at fairs and similar events. The exemption shall not apply to alcohol and alcoholic beverages, tobacco products, as well as solid, liquid or gas fuels,
 17. The import of goods intended for examining, analysing or testing in order to determine their composition, quality and other technical properties for the purposes of informing or industrial and commercial research, which are fully exploited or destroyed in the process. Exemption shall not apply to goods used in examination, analysis or testing which, as such, constitute promotional activities,
 18. Import of trademarks, patents, models, drawings and accompanying documentation, as well as forms for accepting inventions, patents, innovations and the like, submitted to competent authorities for the protection of copyright or industrial and commercial ownership,
 19. Import of tourist information material which does not contain more than 25 % of commercial advertisements, which is given free of charge and whose purpose is to encourage the public to visit foreign countries,
 20. Import of various documents, forms and data holders,
 21. Import of material such as rope, straw, cloth, paper, cardboard, wood and plastic used for cargo loading and protection of goods during transport on the territory of the Republic of Croatia, under certain conditions, and the goods for animal care and nutrition which are transported
 22. Import of fuels and lubricants contained in factory-installed tanks of personal and commercial motor vehicles and motorcycles and special containers and fuels in portable tanks,
 23. The import of chests with bodies and urns with ashes of deceased persons, flowers, wreaths and other ornamental items for graves and goods imported by organizations with approval from the competent authorities for the construction, maintenance or decoration of cemeteries and memorials to victims of war from a third country which are buried in the European Union,
 24. Import of goods contained in consignments sent free of charge by natural persons from a third country to natural persons in the Republic of Croatia under the conditions that such consignments are not commercial in nature,
 25. Import of goods referred to in items 2 to 23 of this paragraph from third territories,
 26. Import of goods dispatched or transported from a third territory or a third country to the territory of the Republic of Croatia, if those goods were supplied within the European Union immediately after import by the importer or the person designated as the taxable person upon import with the application of VAT exemption referred to in Article 41 paragraph 1 of this Act,
 27. Reimport of goods carried out by the person who exported them, in the condition in which they were exported, if those goods are exempt from customs duties,
 28. Import of goods on the basis of diplomatic or consular agreements, if they are exempt from customs duties,
 29. Import of goods carried out by the European Union, the European Atomic Energy Community, the European Central Bank or the European Investment Bank or organizations founded by the European Union, which are subject to the rights and exemptions of the Protocol on the Privileges and Immunities of the European Union, within the frame and under the conditions established in that Protocol and the Agreement Between the Republic of Croatia and the European Union in the Implementation of the Protocol on the Privileges and Immunities of the European Union in the Republic of Croatia or in agreements on the headquarters of those organizations, if this does not result in distortion of market competition,
 30. Import of goods carried out by international bodies which are not referred to in item 29 of this Article and which are acknowledged as such by the Republic of Croatia or import carried out by members of such bodies, within the frameworks and under the conditions prescribed in international agreements on the establishment of such bodies or



agreements on their headquarters,

31. The import of goods carried out by armed forces of other Member States of the North Atlantic Treaty Organisation (NATO) for the purposes of those forces and accompanying civilian personnel, as well as for the supply of their messes or canteens, if those forces participate in joint defence activities,
32. Import of unprocessed or processed catches, but not yet supplied, which is taken to parts by entrepreneurs engaging in fishing at sea,
33. Import of good carried out by the Croatian National Bank,
34. Import of gas via the natural gas system or any network connected to such a system or of gas that is filled from a vessel for gas transport to the natural gas system or one of the networks of production gas pipelines, the import of electricity, heating or cooling via a heating or cooling system,
35. Services related to the import of goods, if the value of such services is included in the taxable amount in accordance with Article 35 of this Act,
36. Temporary import of goods under the conditions laid down by customs regulations,
37. Services directly related to the import of goods for which the Customs Administration approved temporary import to the home territory and if the services recipient is a contracting party from abroad. The aforementioned shall not apply to services related to means of transport, pallets and containers,
38. Transport and all other shipping services with respect to goods transported through the customs area of the Republic of Croatia.

(2) VAT exemption referred to in paragraph 1 item 26 of this Article shall apply in cases when the import of goods is followed by the supply of goods, which is VAT exempt under Article 41 paragraph 1 items a) and d) of this Act only if the importer provided the Customs Administration at least the following information at the moment of import:

- a) His VAT identification number issued in the Republic of Croatia or VAT identification number of his tax representative who guarantees VAT payment, issued in the Republic of Croatia,
- b) VAT identification number of the acquirer issued in another Member State, to whom the goods are supplied under Article 41 paragraph 1 item a) of this Act or own VAT identification number issued in the state where the goods transport or dispatch ends, if the goods are transferred under Article 41 paragraph 1 item d),
- c) Proof which shows that the imported goods are intended for transport or dispatch from the Republic of Croatia to another Member State.

(3) A domestic taxable person who represents a foreign taxable person in performing the procedure referred in paragraph 2 of this Article shall submit an application containing the information on the represented taxable person no later than on the 20th day of the month following the taxation period end.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to VAT exemption on importation and the appearance of the application referred to in paragraph 3 of this Article.

5 Exemptions on exportation

Article 45

(1) The following transactions shall be VAT exempt:

1. Supply of goods which are dispatched or transported from the Republic of Croatia by the supplier or another person for his account to outside the European Union,
2. The supply of goods, except the supply of fuels and goods for equipping and supplying any means of transport used for private purposes, which are dispatched or transported from the Republic of Croatia to outside the European Union by the buyer himself who does not have headquarters in the Republic of Croatia or another person for his account,
3. Supply of goods to authorized bodies who export them outside the European Union as part of their humanitarian, charitable or educational activities which they perform outside the European Union,



4. Supplied services, including transport and related ancillary services, except services that are VAT exempt in accordance with Article 39 paragraph 1 and Article 40 paragraph 1 of this Act, if they are directly related to export or import of goods within the meaning of Article 28 paragraphs 2 and 3 and Article 52 paragraph 1 of this Act.

(2) If the supply of goods referred to in paragraph 1 item 2 of this Article refers to the goods carried out by passengers in personal luggage, exemption shall be applied solely under the following the condition:

- a) The passenger does not have permanent or habitual residence on European Union territory,
- b) The total value of the supply is greater than HRK 740.00 including VAT,
- c) The goods are transported outside the European Union prior to the expiry of the three-month time limit after the month in which the supply was carried out and
- d) There is proof of export, i.e. a bill and form approved by the customs office on whose territory the goods were taken out of the European Union.

(3) Permanent or habitual residence within the meaning of paragraph 2 of this Article shall refer to the place entered in the passport, personal identification card or another document accepted by the Republic of Croatia as identification documentation.

(4) For supplies referred to in paragraph 2 of this Article, the goods supplier shall be granted VAT exemption when he receives proof of export, and the taxation of exported goods which was already carried out may be corrected by the taxable person in the taxation period in which the proof of export was received.

(5) VAT exemption referred to in paragraph 2 of this Article shall not apply to petroleum products.

(6) VAT exemption referred to in paragraph 1 item 3 of this Article shall be effected through a VAT refund application.

(7) The Minister of Finance shall lay down, by virtue of an ordinance, the form and content of the form for goods supply referred to in paragraph 1 item 3 and paragraph 2 item d) of this Article for VAT refund, the procedure, the required proof of export and the accounting records for the implementation of those paragraphs of this Article.

6 Exemptions for the supply of services on movable property

Article 46

(1) VAT exemption shall apply to the supply of services on movable property acquired or imported in the Republic of Croatia for the purpose of supplying those services, which is dispatched or transported from the European Union by the service provider or user who does not have headquarters, permanent establishment, permanent or habitual residence in the Republic of Croatia, or a third person for his account.

(2) In order for exemption referred to in this Article to apply, documentation shall be required in accordance with customs regulations.

7 Exemptions related to international transport

Article 47

(1) The following shall be VAT exempt:

- a) Supply of fuels and goods for supplying vessels used for offshore navigation and transport of passengers for consideration or used for commercial and industrial activities, as well as rescue and assistance at sea,
- b) Supply of fuel and goods for supplying warships with the designation 8906 10 00 from the Combined Nomenclature (CN) that are sailing from the territory of the Republic of Croatia to ports and anchorages outside the Republic of Croatia,
- c) Supply, modification, repairs, maintenance and renting of vessels referred to in item a) of this paragraph and the supply, renting, repairs and maintenance of equipment built into or used in them,



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- d) Supply of services, other than those referred to in item c) of this paragraph, which directly serve for the purposes of the vessels referred to in item a) of this paragraph or their cargo,
- e) Supply, modification, repair, maintenance and renting of aircraft used by aviation companies which operate for consideration, mostly on international routes and the supply, renting, repairs and maintenance of equipment built into or used on them,
- f) Supply of fuel and goods for supplying aircraft referred to in item e) of this paragraph,
- g) Supply of services, other than those referred to in item e) of this paragraph, which directly serve for the purposes of the aircraft referred to in item e) of this paragraph or their cargo.

(2) The taxable person must have proof of the right to exemptions referred to in paragraph 1 of this Article.

(3) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to VAT exemption related to international transport.

8 Exemptions for certain supply equated to export

Article 48

(1) The following supplies shall be VAT exempt:

- a) Supply of goods or services as part of diplomatic or consular agreements
- b) Supply of goods and services for the European Union, the European Atomic Energy Community, the European Central Bank or the European Investment Bank or organizations founded by the European Union that are subject to the Protocol on the Privileges and Immunities of the European Union within the frameworks and under the conditions established in that Protocol and the Agreement Between the Republic of Croatia and the European Union on the Implementation of the Protocol on the Privileges and Immunities of the European Union in the Republic of Croatia or in agreements on the headquarters of those organizations, if this does not result in distortion of market competition,
- c) Supply of goods or services for international bodies which have been recognized as such by the Republic of Croatia that were not listed in item b) of this paragraph and for members of such bodies with the limitations and under the conditions prescribed in international agreements on the establishment of those bodies or in agreements on their headquarters,
- d) Supply of goods or services on the territory of the Republic of Croatia for the purposes of armed forces of other Member States of the North Atlantic Treaty Organisation (NATO) or accompanying civilian personnel, as well as for the supply of their messes or canteens, when those forces participate in joint defence activities,
- e) Supply of goods or services to another Member States, for the purposes of armed forces of any Member State of the North Atlantic Treaty Organisation (NATO), except the destination Member State, for the purposes of those armed forces or accompanying civilian personnel, or for the supply of their messes or canteens, when those forces participate in joint defence activities,
- f) Supply of gold to central banks.

(2) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to VAT exemption for supply equated to export and the manner to achieve exemption referred to in paragraph 1 items a) and c) of this Article.

9 Exemption for mediation services

Article 49

(1) VAT exemption shall apply to mediation services supplied on behalf and for the account of another person for:

- a) Export supply referred to in Article 45 of this Act,

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- b) Procedures referred to in Article 46 of this Act,
 - c) Supply referred to in Articles 47 and 48 of this Act,
 - d) Transactions performed outside the European Union.

(2) Exemptions for mediation services shall not apply to travel agencies that supply services in other Member States on behalf and for the account of passengers.

10 Exemptions for transactions relating to international trade

Article 50

Exemption from VAT referred to in Articles 51, 52, 53 and 54 of this Act shall apply if the goods and services are not intended for end consumption and if the VAT amount which should be paid after the procedures referred to in those Articles cease to be applied is equivalent to the VAT amount which should be paid if VAT was calculated in the Republic of Croatia for each of those transactions.

Article 51

(1) The following shall be VAT exempt:

- a) Supply of goods intended for submission to the customs office and, where appropriate, temporary accommodation,
- b) Supply of goods that are entered and placed in a free zone or free warehouse,
- c) Supply of goods that are entered into the customs warehousing procedure or internal production procedure in accordance with customs regulations.

(2) VAT exemption shall apply to the supply of goods and services on those goods in places referred to in paragraph 1 of this Article as long as they are part of the procedure referred to in paragraph 1 of this Article.

(3) VAT exemption shall also apply to the services related to supply referred to in paragraph 1 of this Article.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article.

Article 52

(1) VAT exemption shall apply to the goods import referred to in Annex II of this Act, the import of goods subject to excise duty under the regulations governing excise duty and goods subject to special tax on coffee and non-alcoholic beverages, if they are placed in the tax warehouse in the Republic of Croatia.

(2) VAT exemption shall apply on the supply of goods referred to in Annex II of this Act, the supply of goods subject to excise duty under the regulations governing excise duty and the goods subject to special tax on coffee and non-alcoholic beverages, to tax warehouses and within them, as well as services performed on those goods, as long as they are subject to the tax warehousing procedure.

(3) Within the meaning of this Act, a tax warehouse for goods subject to excise duty under the regulations governing excise duty and the goods subject to special tax on coffee and non-alcoholic beverages shall be the place designated as excise duty or tax warehouse in accordance with special regulation.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to tax warehouse.

Article 53



VAT exemption shall apply to import and supply of all goods placed in the tax warehouse:

- a) If the goods are intended for VAT-free stores located in airports or sea ports, for the supply of goods carried out in personal luggage of passengers travelling by aircraft or on sea to third territories or third countries, if such supply is VAT exempt under Article 45 paragraph 1 item 2 of this Act,
- b) If goods are intended for taxable persons for supply to passengers in aircraft or vessels during flight or sea voyage under the condition that the end location of transport is outside the European Union,
- c) If goods are intended for taxable persons for performing supply that is VAT exempt under Article 48 paragraph 1 items a), b), c), d) and e) of this Act.

Article 54

Exemption from VAT referred to in Articles 51, 52 and 53 of this Act shall apply to the acquisition of goods within the European Union on the home territory under the same conditions prescribed for the supply of goods on the home territory.

Article 55

(1) Import of goods referred to in Article 11 paragraph 2 of this Act from a third territory which is, in accordance with customs regulations, part of the European Union customs territory, is subject to the provisions of paragraphs 2 and 3 of this Article. Procedures in accordance with customs regulations on the import of goods to the European Union territory shall apply to the import of those goods.

(2) If the dispatch of transport of good referred to in paragraph 1 of this Article ends in a location outside a Member state at the moment of their entry into the European Union, they are transported within the European Union in accordance with the European Union transit procedure for domestic goods, prescribed customs regulations, if they were applied for that procedure on entry into the European Union.

(3) If, for the goods referred to in paragraph 1 of this Article, one of the procedures was initiated upon entry into the European Union based on which, if the goods were imported within the meaning of Article 11 paragraph 1 of this Act, they would be subject to one of the procedures referred to in Article 51 paragraph 1 of this Act or the temporary import procedure with full exemption from import customs, the VAT exemptions referred to in Article 51 paragraph 1 of this Act and the exemption in the temporary import procedure shall also apply to those goods.

Article 56

(1) For the import of goods that are in free circulation and are dispatched and transported from the Republic of Croatia to a third territory which is part of the European Union customs territory, procedures in accordance with customs regulations on the export of goods from the European Union customs area shall apply.

(2) For goods that are temporarily exported for the purpose of reimport to the Republic of Croatia, the same provisions that would apply if those goods were temporarily exported from the European Union customs area shall apply.

XI INPUT TAX DEDUCTION

1 Arising of the right to input tax deduction

Article 57

(1) The right to VAT (input tax) deduction shall arise at the moment when the obligation to calculate VAT that may be deducted arises.

(2) A taxable person may deduct input tax in accordance with the provisions of Articles 58, 59, 60, 61 and 62 of this Act.



2 The right to input tax deduction

Article 58

(1) The taxable person shall have the right to deduct from VAT the amount of VAT (input tax) that he is obliged to pay or has paid on the home territory for the supply of goods or services performed by other taxable person for the purposes of his taxable transactions.

(2) Input tax is the amount of VAT that the taxable person has to pay or has paid in the Republic of Croatia on import and the amount of VAT paid under Article 75 paragraph 1 items 6 and 7 and Article 75 paragraphs 2 and 3 of this Act.

(3) In addition to the amount of input tax referred to in paragraph 1 and 2 of this Article, taxable persons may also deduct the following amounts:

1. VAT that is to be paid on the acquisition of goods within the European Union under Article 4 paragraph 1 item 2a) and Article 9 paragraphs 3 and 4 of this Act,

2. VAT to be paid under Article 10 paragraph 4 of this Act.

(4) A taxable person may not deduct input tax contained in invoices for received goods and supplied services used for the supply of goods and services:

1. That is VAT exempt on the home territory under Articles 39, 40 and 114 of this Act,

2. Abroad, which would be VAT exempt if performed on the home territory under Articles 39, 40 and 114 of this Act.

(5) A taxable person may deduct input tax which refers to the goods and services obtained for transactions which refer to activities referred to in Article 6 paragraph 2 of this Act, performed outside the Republic of Croatia, for which the taxable person would have the right to input tax deduction if they were performed in the Republic of Croatia.

(6) A taxable person may deduct input tax which refers to the supply of goods and services referred to in Article 41 paragraph 1, Article 43, Article 44 paragraph 1 item 35 and Articles 45, 46, 47, 48, 49, 51, Article 52 paragraphs 1 and 2 and Articles 53 and 93 of this Act.

(7) A taxable person may deduct input tax which refers to transactions that are VAT exempt under the provisions of Article 40 paragraph 1 items a), b), c), d), e) and f) of this Act, if the service recipient has headquarters outside the European Union or if those transaction directly refer to goods intended for export.

(8) In case of real estate or other economic goods which are part of the taxable person's business assets and which are used both for the taxable person's business and his private needs or the private needs of his employees or generally for purposes other than his business activity, VAT may be deducted only in the part used for the taxable person's business purposes.

3 The right to input tax deduction for supply of new means of transport

Article 59

(1) Every person referred to in Article 6 paragraph 4 of this Act who occasionally supplies new means of transport under the conditions referred to in Article 41 paragraph 1 items a) and b) of this Act shall have the right to deduct VAT included in the purchase price or paid upon import or acquisition of that new means of transport within the European Union, at the most up to the VAT amount which would have to be paid if the supply was not VAT exempt.

(2) The right to input tax deduction shall arise at the moment of supply of new means of transport to another Member State.

(3) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the right to input tax deduction for supply of new means of transport.

4 Conditions for input tax deduction



Article 60

(1) A taxable person may deduct input tax for the supply of goods or services if the following conditions have been fulfilled:

- a) Input tax deduction is not excluded under Article 58 paragraphs 4 and 8, Article 61 paragraph 1 and Article 62 paragraph 1 of this Act,
- b) The taxable person has the invoice related to the supply of goods and services, issued in accordance with the provisions of Articles 78, 79, 80 and 81 of this Act, except in the case referred to in item c) of this paragraph,
- c) For imported goods, the taxable person has the Single Administrative Document in which he is entered as the recipient or imported of goods and which contains the VAT amount to be paid or which provides information for that amount to be calculated,
- d) The taxable person is obliged to pay VAT based on the reverse charge mechanism under Article 75 paragraph 1 items 3, 6 and 7 and Article 75 paragraphs 2 and 3 of this Act,
- e) The taxable person stated the amount of VAT obligation, as well as all the information necessary to calculate VAT on goods acquisition within the European Union, in the VAT return referred to in Article 85 paragraph 1 of this Act and has the invoice,
- f) In case of paid advance, input tax may be deducted if the received invoice is issued in accordance with Article 78 paragraph 1 of this Act.

(2) A taxable person shall deduct VAT by deducting from the total VAT amount, which he is obliged to pay for the taxation period, the total amount of input tax for which the conditions for input tax deduction under this Article have been fulfilled in the taxation period.

(3) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to conditions for input tax deduction.

Note: As of 1 January 2018, in Article 60 paragraph 1 item a) the wording "Article 61 paragraph 1" shall be replaced with the wording "Article 61 paragraphs 1 and 2."

5 Restrictions to the right to input tax deduction

Article 61

(1) A taxable person may not deduct input tax in the following cases:

- a) For the acquisition and rental of vessels intended for recreation, aircraft, personal cars and other means of personal transport, including the acquisition of any goods and services related to those goods,
- b) For the acquisition of goods and services for the purposes of business entertainment, whereby business entertainment shall refer to expenses for hosting business partners, gifts for business partners, payment of business partners' expenses for vacation, sport and leisure, expenses for renting cars, vessels, aircraft, vacation houses and the like.

(2) By way of derogation, the provision of paragraph 1 item a) of this Article shall not apply if the vessels and aircraft are used for the activity of passenger and goods transport and renting or if they are acquired for further sale and if those personal cars and other means of personal transport are used for driver training, vehicle testing, service, the activity of passenger and goods transport, transport of deceased persons, renting or if they are acquired for further sale.

(3) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to restrictions to the right on input tax deduction.

Note: Article 61 shall be amended from 1 January 2018 to read:

"(1) A taxable person may not deduct input tax for the acquisition of goods and services for the purposes of business entertainment, whereby business entertainment shall refer to expenses for hosting business partners, gifts for business partners,



payment of business partners' expenses for vacation, sport and leisure, expenses for renting cars, vessels, aircraft, vacation houses and the like.

(2) A taxable person may not deduct 50 % of the input tax calculated for the acquisition and rental of personal cars and other means of personal transport including the acquisition of any goods or services related to those goods. The taxable person is not allowed to deduct input tax for the acquisition of means of transport, which refers to amount exceeding HRK 400,000.00 in purchase value per single means of transport.

(3) By way of derogation, the provisions of paragraph 2 of this Article shall not apply if those are:

a) Vessels and aircraft used for the activity of passenger and goods transport and renting or if they are acquired for further sale and if those personal cars and other means of personal transport are used for driver training, vehicle testing, service, the activity of passenger and goods transport, transport of deceased persons, renting or if they are acquired for further sale,

b) N1 category motor vehicles with the tariff designation 8703 of the Customs Tariff and if they are not subject to taxation under a special regulation regarding special tax on motor vehicles.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to restrictions to the right on input tax deduction."

6 Proportional input VAT deduction

Article 62

(1) If a taxable person uses goods and services supplied for him, partially for the supply of goods and service for which input tax deduction is allowed in accordance with the provisions of this Act and for the supply of goods and services for which input tax deduction is not allowed, the taxable person may deduct only that part of the input tax which refers to transactions for which input tax deduction is allowed.

(2) The amount of input tax that refers to the supply of goods and services for which input tax deduction is allowed shall be calculated as a proportion in the following manner:

a) In the numerator: the total value of annual supply (turnover), without VAT, from transactions for which input tax deduction is allowed in accordance with the provisions of this Act,

b) In the denominator: the total value of annual supply (turnover), without VAT, from transaction included in the numerator and transactions for which input tax is not allowed and the amount of subsidies, other than those that are directly connected to the price of the supply of goods or services referred to in Article 33 paragraph 1 of this Act.

(3) The following amounts shall not be taken into account in the calculation referred to in paragraph 2 of this Article:

a) The amount of turnover pertaining to the supply of economic goods used by the taxable person to carry out his business activity,

b) The amount of turnover pertaining to occasional real estate supply,

c) The amount of turnover pertaining to occasional financial transaction referred to in Article 40 paragraph 1 items b) to g) of this Act.

(4) The portion of input tax that may be deducted shall be determined on an annual basis as a percentage and shall be rounded up to the next whole number.

(5) The portion of input tax that may be temporarily deducted during the current year shall be calculated based on transactions from the previous year. If no such transactions existed in the previous year or if their amounts were negligible, the taxable person shall temporarily determine the portion of input tax that he may deduct, of which he must notify the competent Tax Administration office.

(6) The taxable person shall be obliged to adjust the input tax deduction during the current calendar year based on temporary calculation in the VAT return submitted for the taxation period referred to in Article 85 paragraph 7 of this Act, whereby he shall determine the final portion of VAT that may be deducted.

(7) By way of derogation from paragraph 2 of this Article, the taxable person may determine the portion of input tax that he may deduct separately for each part of his business, under the condition that separate accounts are kept for each



part.

(8) If the taxable person selected the manner of determining the portion of input tax that may be deducted under paragraph 7 of this Article, he must notify the competent Tax Administration office of that prior to the beginning of the taxation period in which he will start applying this method of proportional input tax deduction.

(9) The Tax Administration may prohibit the taxable person the manner of determining the portion of input tax that may be deducted, prescribed in paragraph 7 of this Article, if the taxable person does not enable supervision of the calculation and payment of VAT in accordance with the provisions of this Act through the selected method of proportional input tax deduction.

(10) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to proportional input tax deduction.

7 Adjustment of deductions

Article 63

(1) A taxable person shall be obliged to correct the input tax deduction of the deduction of higher or lower than the one to which the taxable person was entitled.

(2) A taxable person shall be obliged to correct the input tax deduction if, after submitting the VAT return, the factors based on which input tax deduction was determined change.

(3) By way of derogation from paragraph 2 of this Article, a taxable person shall not be obliged to correct the input tax deduction in the event of destruction, loss or theft of goods for which there are valid proof, as well as for gifting small-value gifts and samples referred to in Article 7 paragraph 4 of this Act.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to adjustment of deductions.

7.1 Adjustment of deductions for capital goods

Article 64

(1) If conditions that were relevant for input tax deduction in the calendar year in which an economic good was acquired or manufactured change in relation to that economic good within five years including the calendar year of acquisition or manufacture, input tax correction shall be made for the period after the change. A change in conditions relevant for input tax deduction shall refer to a subsequent change in those conditions that led to greater or lesser right to input tax deduction compared to the year in which the good was acquired or manufactured. A ten-year period shall apply instead of the five-year period for real estate.

(2) The annual amount of input tax correction shall be 1/5 or 1/10 of the VAT amount calculated for capital goods.

(3) Economic goods within the meaning of paragraph 1 of this Article shall mean goods and services which, according to accounting regulations, constitute the taxable person's fixed assets.

(4) Input tax correction shall not be necessary if the input tax to be corrected amounts to less than HRK 1,000.00 per one economic good.

(5) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to input tax correction for capital goods.

7.2 Adjustment of deductions for the supply of economic goods

Article 65



(1) If a taxable person supplies an economic good within the input tax correction period, it shall be deemed that the economic good was used for the taxable person's economic activity until the expiry of the input tax correction period. An economic activity shall be deemed to be taxable in full if the economic good supply is taxed. An economic activity shall be deemed to be VAT exempt in full if the economic good supply is exempt.

(2) The adjustment of deductions referred to in paragraph 1 of this Article shall be effected once for the entire remaining correction period.

7.3 Adjustment of deductions for stock of goods

Article 65a

(1) In the event of transition from the ordinary taxation procedure to a special scheme under Article 90 of this Act and vice versa, a taxable person shall be obliged to correct the input tax deduction for the stock of goods if the deduction is higher or lower than the one to which the taxable person was entitled.

(2) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to input tax correction for stock of goods.

XII VAT refund

1 VAT refund upon VAT return

Article 66

(1) A taxable person who, in a taxation period, has the right to the deduction of input tax whose amount is greater than his tax liability shall have the right to refund of that difference, or he may transfer the overpaid VAT amount to the next taxation period.

(2) If the taxable person requests the refund of overpaid VAT, the Tax Administration shall return the difference within 30 days of the day of VAT return submission, and no later than within 90 days from the day the tax audit was initiated.

2 VAT refund to taxable persons who do not have headquarters on the territory of the Republic of Croatia

Article 67

(1) A taxable person who does not have headquarters, a permanent establishment from which supply is made, or a permanent or habitual residence on the territory of the European Union, shall have the right, under the conditions laid down in this Act, to a refund of VAT charged for movable goods and services performed for him by other taxable persons in the Republic of Croatia, or for VAT charged on import of goods in the Republic of Croatia. The right to VAT refund shall be effected under the condition that, in the applicant's state of origin, a taxable person is also entitled to VAT refund, whereby that reciprocity shall be determined by exchange of information between the tax authority of the Republic of Croatia and the tax authority of the third country.

(2) The right to VAT refund referred to in paragraph 1 of this Article shall be granted to a taxable person who, in the period for which he seeks VAT refund, did not have goods or services supply for which the taxation location is in the Republic of Croatia; other than:

a) Transport and transport-related services, VAT exempt in accordance with Article 44 paragraph 1 item 35, Articles 45, 46 and 47, Article 48 paragraph 1 and Article 49 of this Act,

b) Services for which VAT must be paid by the person for whom services were supplied, in accordance with Article 75 paragraph 1 item 6. of this Act.

(3) For VAT refund referred to in paragraph 1 of this Article, the provisions of this Act which refer to input tax deduction



shall apply.

(4) The taxable person referred to in paragraph 1 of this Article shall not have the right to VAT refund for:

a) VAT amounts which are incorrectly calculated under the provisions of this Act,

b) VAT amounts calculated for the supply of goods which are exempt or may be exempt from VAT in accordance with the provisions of Article 41 paragraph 1 and Article 45 paragraph 1 item 2 of this Act.

(5) In order to exercise the right to VAT refund, the taxable person referred to in paragraph 2 of this Article must submit an application for VAT refund to the Tax Administration no later than on 30 June of the calendar year following the end of the calendar year to which the application refers.

(6) The period to be refunded may not be longer than one calendar year nor shorter than three consecutive calendar months. Refund applications may also refer to a period shorter than three months if that period includes the end of the calendar year.

(7) The application for VAT refund which refers to a return period shorter than one calendar year, but not shorter than three months, may be submitted if the VAT amount for which refund is sought is no less than HRK 3,100.00.

(8) The application for VAT refund which refers to a return period of one calendar year may be submitted if the VAT amount for which refund is sought is no less than HRK 400.00.

(9) The Tax Administration shall issue a decision on whether the application is approved in full, in part or if it is not approved within a period of no more than eight months from the receipt of the VAT refund application.

(10) If the return application is approved, the Tax Administration shall return the approved amount no later than within 10 business days after the expiry of the time limit referred to in paragraph 9 of this Article, on the applicant's account at his expense.

(11) The Minister of Finance shall lay down, by virtue of an ordinance, the procedure, form and content of the VAT refund form and the provisions on representation of the VAT refund applicant.

3 VAT refund to taxable persons established in another Member State

Article 68

(1) A taxable person who does not have headquarters in the Republic of Croatia but in another Member State shall have the right to return of VAT charged for goods and services supplied or performed for him by other taxable persons on the home territory or for goods imported on the home territory, under the conditions referred to in paragraph 3 of this Article.

(2) Within the meaning of this VAT refund procedure, certain terms shall have the following meanings:

1. "Taxpayer without headquarters on the home territory" shall refer to a taxable person who does not have headquarters, a permanent establishment or permanent or habitual residence on the home territory but on the territory of another Member State,

2. "Period to be refunded" shall mean the period referred to in Article 70 paragraph 8 of this Act covered by the refund application,

3. "Refund application" shall mean the application for the refund of VAT charged on the home territory to a taxable person without headquarters on the home territory for goods or services supplied or performed for him by other taxable persons on the home territory or for goods imported on the home territory,

4. "Applicant" shall refer to the taxable person without headquarters on the home territory who is submitting the refund application.

(3) This procedure shall apply to a taxable person without headquarters on the home territory who fulfils the following conditions:

1. During the return period, the taxable person did not have headquarters or permanent establishment from which business transactions were made nor did he have a permanent or habitual residence if such headquarters or permanent



establishment did not exist,

2. During the period to be refunded, the taxable person did not supply goods or services which are deemed to be supplied on the home territory, other than:

a) Transport and transport-related services that are VAT exempt in accordance with Article 44 paragraph 1 item 35, Article 45 paragraph 1, Articles 46 and 47, Article 48 paragraph 1 items a), b), c), d) and e), Article 49 and Article 51 paragraph 3 of this Act,

b) Services and goods supply to a recipient who is not required to pay VAT in accordance with Article 10 paragraph 4, Article 75 paragraph 1 items 6 and 7 and Article 75 paragraphs 2 and 3 of this Act.

(4) This procedure shall not apply to:

a) VAT amounts which are incorrectly calculated under the provisions of this Act,

b) VAT amounts calculated for the supply of goods which are exempt or may be exempt from VAT in accordance with the provisions of Article 41 paragraph 1 and Article 45 paragraph 1 item 2 of this Act.

Article 69

(1) A taxable person who does not have headquarters on the home territory and performs transactions based on which he is entitled to input tax deduction in the state where his headquarters are shall receive the refund of VAT charged for goods supplied or services performed on the home territory or for the import of goods on the home territory.

(2) The right to VAT refund referred to in paragraph 1 of this Article shall be determined in accordance with the provisions of this Act which refer to input tax deduction.

(3) A taxable person who does not have headquarters on the home territory and who simultaneously performs, in the Member State in which he has headquarters, transactions based on which he has the right to input tax deduction in that Member State and transactions based on which he does not have the right to input tax deduction may receive VAT return in accordance with the provisions of this Article and the provisions on the proportional deduction of input tax applied in the Member State where the taxable person has headquarters.

Article 70

(1) In order to receive VAT refund on the home territory, the taxable person without headquarters on the home territory shall apply an electronic return application through the electronic portal of the Member State in which he has headquarters no later than on 30 September of the calendar year following the period to be refunded.

(2) The refund application must contain the following information:

a) The applicant's first and last name (company name) and complete address,

b) Address for electronic communication,

c) Description of the applicant's economic activity for which goods and services are acquired and the economic activity code,

d) The period to be refunded to which the refund application applies,

e) The applicant's statement that he did not, during the return period, supply goods or services which are deemed to be supplied on the home territory, with the exception of transactions referred to in Article 68 paragraph 3 item 2 of this Act,

f) The applicant's VAT number or tax number,

g) Information on his bank account (including IBAN and BIC).

(3) In addition to the information listed in paragraph 2 of this Article, the return application shall also contain the following information for each invoice or import document:

a) First and last name (company name) and the complete address of the goods or service supplier,



b) VAT identification number referred to in Article 77 paragraph 6 of this Act of the goods or services supplier, except in case of import,

c) Date and number of invoice or import document,

d) Taxable amount and VAT amount expressed in HRK,

e) Amount of VAT which may be deducted expressed in HRK and which is calculated in accordance with Article 69 of this Act,

f) Portion of deduction expressed as a percentage of the proportional input tax deduction calculated in accordance with the regulations of the headquarters state,

g) Type of acquired goods or service, described according to the numerical mark in accordance with paragraph 4 of this Article.

(4) In the refund application, the type of acquired goods and services shall be described with the following numerical marks:

1 = Fuel,

2 = Rental of means of transport,

3 = Costs for means of transport (other than goods and services listed under numerical marks 1 and 2),

4 = Tolls and fees for road use,

5 = Travel expenses, such as taxi transport costs or public transport costs,

6 = Accommodation,

7 = Food, drink and restaurant services,

8 = Tickets to fairs and exhibitions,

9 = Costs for luxury goods, leisure and business entertainment,

10 = Other, and the applicant using this numerical mark must list the type of supplied goods and services.

(5) The applicant shall submit the information in the return application, as well as any additional information, in Croatian and English.

(6) If, after the submission of the refund application, a part of VAT to be deducted is adjusted under the provisions on proportional input tax deduction which are applied in the Member State where the taxable person's headquarters are, the applicant shall correct the amount submitted in the application or already returned. The correction shall be applied in the refund application during the calendar year which follows after the stated return period or, if the applicant fails to submit a refund application during that calendar year, by issuing a special statement through the electronic portal of the Member State in which the taxable person has headquarters. When increasing or reducing the refund amount, all corrections related to the previous refund application shall be taken into account or, if a special statement was made, in form of special payment or remuneration.

(7) The refund application shall refer to:

a) Acquired goods or services for which an invoice was issued during the period to be refunded, under the condition that the VAT payment obligation arose prior to or at the time of invoicing, or for which the VAT payment obligation arose during the period to be refunded, under the condition that the invoice for that supply was issued before the VAT payment obligation arose,

b) Import of goods during the period to be refunded,

c) In addition to the transactions referred to in item a) and b) of this paragraph, the refund application may refer to invoices or import documents which are not covered by previous refund applications, and which refer to transactions performed during the calendar year to which the application refers.



(8) The period to be refunded may not be longer than one calendar year nor shorter than three consecutive calendar months. Refund applications may also refer to a period shorter than three months if that period includes the end of the calendar year.

(9) If the refund application refers to a period to be refunded shorter than one calendar year, but not shorter than three months, the amount of VAT for which refund is sought shall not be less than HRK 3,100.00.

(10) If the refund application refers to a period to be refunded of one calendar year or to the rest of the calendar year, the amount of VAT shall not be less than HRK 400.00.

Article 71

(1) The Tax Administration shall electronically notify the applicant of the date of receipt of the return request.

(2) The Tax Administration shall issue a decision on whether the application is approved or rejected within four months from receipt of the refund application. If the decision is sent electronically, the decision shall be deemed to have been delivered at the moment the Tax Administration sends it electronically to the applicant and when sending is recorded on the server for sending such messages. Taxpayers without headquarters on the home territory shall be subject to legal remedies applied on home territory taxable persons under special regulations.

(3) If the taxable person did not send all of the information necessary to issue a decision on full or partial refund, the Tax Administration shall, within the period referred to in paragraph 2 of this Article, electronically request additional information from the applicant or competent authorities of the Member State in which the applicant has headquarters.

(4) If the Tax Administration requires additional information from a person who is not the applicant or the competent authority of the Member State in which the applicant has headquarters, the request shall be submitted electronically only if such means are available to the request recipient.

(5) The Tax Administration shall request additional information which may include delivery of the original or a copy of the appropriate invoice or import document, if there is reasonable doubt as to the validity of a particular refund application. Requested information must be submitted within one month from the date when the person received the request for information submission.

(6) If it requires additional information, the Tax Administration shall issue a decision on whether the applicant's application is approved or rejected within two months of receiving requested information or, if the Tax Administration did not receive a response to its request, within two months after the expiry of the time limit referred to in paragraph 5 of this Article. The Tax Administration shall issue a decision on VAT refund within six months from the date of receipt of the refund application.

(7) If the Tax Administration requested additional information, it shall issue a decision on whether the application was approved in full in part or not approved within no more than eight months from the receipt of the refund application.

Article 72

(1) If the refund application is approved, the Tax Administration shall reimburse the approved amount no later than within 10 business days after the expiry of the end time limit referred to in Article 71 paragraph 2 of this Act or, if additional information was requested, after the expiry of end time limit referred to in Article 71 paragraphs 6 and 7 of this Act.

(2) Refund shall be paid on the home territory or, at the applicant's request, in any other Member State. If VAT refund was made to a bank account in other Member State, the amount of all bank charges related to the transfer of funds shall be deducted from the refund amount paid to the applicant.

(3) If VAT refund has been made, it is subsequently found that the information in the application is inaccurate or that the refund was made in a fraudulent or any other improper manner, the taxable person without headquarters on the home territory shall be obliged to return the erroneously paid amount and to pay the fines and interest in accordance with special regulations.

(4) If a misdemeanour fine or interest was imposed and not paid, the Tax Administration may suspend any further refunds to the taxable person without headquarters on the home territory up to the unpaid amount.

Article 73



(1) The applicant shall be paid interest on the refund amount to be paid if the refund is not paid within the time limit referred to in Article 72 paragraph 1 of this Act. The aforementioned shall not apply if the applicant fails to submit additional or further additional information within the prescribed time limit.

(2) Interest shall be calculate from the day following the last day for refund payment in accordance with Article 72 paragraph 1 of this Act until the day the refund is paid.

(3) The interest rate shall be interest rate determined under special regulation which is applied for VAT refund to taxable persons who have headquarters, a permanent establishment or permanent or habitual residence on the home territory.

4 VAT refund to domestic taxable persons in other Member States

Article 74

(1) If a taxable person with headquarters or permanent or habitual residence in the Republic of Croatia submits a VAT refund application from another Member State, he must submit the application through the electronic portal of the Tax Administration of the Republic of Croatia no later than on 30 September of the calendar year following the period to be refunded referred to in Article 68 paragraph 2 item 2 of this Act. The application shall be deemed to have been submitted only if the applicant entered all the information necessary for VAT refund. The applicant shall be sent an electronic confirmation on application receipt without delay.

(2) The Tax Administration shall not forward the application to another Member State from which VAT refund is sought if, during the period to be refunded, the applicant referred to in paragraph 1 of this Article:

- a) Is not a VAT taxable person, or
- b) Exclusively carries out supply of goods or services that are VAT exempt without the right to input tax deduction, or
- c) Applies exemption for small taxable persons.

(3) A taxable person may not submit a VAT refund application for a period in which he was not entered into the VAT taxable person registry.

(4) The Tax Administration shall electronically forward the decision delivered by the Member State of VAT return to the taxable person referred to in paragraph 1 of this Article.

(5) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to VAT return to domestic taxable persons in other Member States.

XIII OBLIGATIONS OF TAXPAYERS AND INDIVIDUALS WHO ARE NOT TAXPAYERS

1 VAT payment obligation

Article 75

(1) VAT shall be paid by:

1. Each taxable person who carries out taxable supply of goods and services, except where another person is obliged to pay VAT in accordance with the provisions of this Article,
2. Each person deemed to be an importer, or a customs debtor or recipient of goods under customs regulations,
3. Each person who carries out taxable acquisition of goods within the European Union and the recipient of goods referred to in Article 10 paragraph 4 of this Act,
4. The acquirer of new means of transport in the case referred to in Article 4 paragraph 1 item 2b) of this Act,



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5. The issuer of the invoice referred to in Article 79 paragraphs 10 and 11 of this Act and any person expressing VAT on an invoice,
6. Any taxable person or non-taxable legal person and is registered for VAT purposes, who receives services referred to in Article 17 paragraph 1 of this Act if those services are performed by a taxable person without headquarters or permanent or habitual residence on the home territory,
7. Any person registered for VAT purposes on the home territory who received a supply of gas, electricity, cooling or heating via the system referred to in Article 15 of this Act, if the supply is performed by a taxable person without headquarters or permanent or habitual residence on the home territory.
- (2) If taxable supply of goods or services is carried out by a taxable person without headquarters, permanent or habitual residence on the home territory, VAT shall be paid by the taxable person, or non-taxable legal person but is registered for VAT purposes, for whom the supply of goods or services was carried out.
- (3) A taxable person entered into the VAT taxable person registry in the Republic of Croatia shall pay VAT when the following supplies are carried out for him:
- a) Construction services which are considered to be services related to construction, maintenance, reconstruction or removal of buildings, including repair and cleaning services. The same applies to the transfer of staff if the transferred staff supplies construction services,
 - b) Supply of used material and material that cannot be reused in the same state, supply of waste, industrial and non-industrial waste, recycling waste, partially processed waste, and goods and service prescribed by the Minister of Finance by ordinance,
 - c) Supply of real estate under Article 40 paragraph 1 items j) and k) of this Act, if the supplier opted for taxation in accordance with Article 40 paragraph 4 of this Act,
 - d) Supply of real estate sold by the enforcement debtor in enforcement proceedings,
 - e) Transfer of greenhouse gas emission units in accordance with regulations governing the greenhouse gas emission units trading system,
 - f) After receiving confirmation from the VAT Committee of the European Commission in accordance with Article 199b of Council Directive 2006/112/EC, the Minister of Finance may, in the event of exceptional urgency, lay down, by virtue of an ordinance, that the recipient shall pay VAT for certain supply of goods and services for the purpose of suppressing sudden and large frauds that can lead to significant financial losses.
- (4) Within the meaning of this Article, a taxable person with a permanent establishment on the home territory shall be deemed as taxable person without headquarters on the home territory if the following conditions have been fulfilled:
- a) The taxable person performs taxable supply of goods and services on the home territory,
 - b) The taxable person's business unit on the home territory does not participate in that supply of goods and services.
- (5) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the VAT payment obligation.

2 VAT payment

Article 76

- (1) A taxable person must pay calculated and reported VAT for a taxation period until the last day of the month following the end of the taxation period referred to in Article 84 paragraphs 1 and 2 of this Act.
- (2) A taxable person must pay the VAT difference referred to in Article 85 paragraph 7 of this Act within the payment time limit referred to in paragraph 1 of this Article.
- (3) Any person referred to in Article 75 paragraph 1 items 3, 5, 6 and 7 and Article 75 paragraphs 2 and 3 of this Act must also pay VAT within the time limit referred to in paragraph 1 of this Article.



(4) VAT within the meaning of Article 75 paragraph 1 items 3, 6 and 7 and Article 75 paragraphs 2 and 3 of this Act shall be deemed as paid if the VAT return contains expressed obligation on the basis of VAT payment obligation transfer.

(5) By way of derogation from paragraph 3 of this Article, a person who is not registered for VAT purposes and who acquires a new means of transport within the meaning of Article 4 paragraph 1 item 2b) of this Act shall pay VAT on the basis of a Customs Administration decision.

(6) For acquisition of new means of transport under Article 4 paragraph 1 item 2b) of this Act, the new means of transport may be registered at the competent authority under special regulations only upon presentation of application for the acquisition of new means of transport certified by the competent Tax Administration office. Acquirers who are not registered for VAT purposes shall enclose a certificate of paid VAT for the purposes of registering new means of transport. The certificate shall be issued upon the acquirer's request.

(7) Import VAT shall be paid within the time limit for the payment of import charges in accordance with customs regulations.

(8) By way of derogation from paragraph 7 of this Article, VAT on import shall be deemed as paid if the taxable person, who has the right to full input tax deduction, expresses it as obligation in the VAT return, and a decision shall be issued to the taxable person for such manner of calculating and paying VAT.

(9) A taxable person shall pay VAT to the prescribed payment account under special regulations.

(10) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to issuing decisions and paying VAT on goods import.

Note: Article 76 paragraph 8 shall be amended from 1 January 2018 to read:

"(8) By way of derogation from paragraph 7 of this Article, VAT on import of machinery and equipment listed in Annex IV of this Act with value greater than HRK 1,000,000.00 (per one customs declaration for entry into free circulation or per one approval on the application of general rule 2A in case of gradual import on the basis of additional note 3 for section XVI and additional note 2 for section XVII of Annex I of the Council Regulation (EEC) no. 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (Official Journal no. L 256 of 7 September 1987) shall be deemed to be paid if the taxable person who has the right to input tax deduction expresses it in full as an obligation in VAT return, and if the Tax Administration previously issued the taxable person a decision on such manner of calculating and paying VAT."

3 Registration for VAT purposes

Article 77

(1) Each person must report the start of their activity as taxable person to the Tax Administration, i.e. he must register in the VAT taxable person registry if the value of his supply exceeded the amount referred to in Article 90 paragraph 1 of this Act in the previous calendar year. A taxable person who performs transactions within the European Union shall request a VAT identification number on the prescribed form from the Tax Administration. The taxable person must report every change in or cessation of activity to the Tax Administration.

(2) The obligation to submit a request for a VAT identification number shall not apply to taxable persons referred to in Article 6 paragraph 4 of this Act, small taxable persons referred to in Article 90 paragraph 1 of this Act and taxable persons who solely perform VAT exempt transactions without the right to input tax deduction.

(3) Notwithstanding paragraph 1 of this Article, any taxable person or non-taxable legal person, and who acquires goods within the European Union that are, in accordance with Article 5 paragraph 1 items a) and b) of this Act, not subject to VAT taxation shall report such acquisition to the Tax Administration when they become subject to VAT taxation and shall submit a request for VAT identification number to the competent Tax Administration office.

(4) Notwithstanding paragraph 2 of this Article, any taxable person who has headquarters, a permanent establishment, or permanent or habitual residence in the Republic of Croatia and who supplies services on the territory of another Member State for which the service recipient is obliged to pay VAT in the other Member State under Article 196 of Council Directive 2006/112/EC and any service recipient taxable person referred to in Article 75 paragraph 1 item 6 of this Act shall submit a request for a VAT identification number to the Tax Administration.

(5) The Tax Administration shall assign a VAT identification number to:



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- a) Any taxable person who carries out goods or services supply on the territory of the Republic of Croatia for which the right to VAT deduction exists, except the taxable person referred to in Article 6 paragraph 4 of this Act and the taxable person who carries out goods or services supply for which VAT is paid by the goods or services recipient in accordance with Article 75 paragraph 1 items 3, 6 and 7 and Article 75 paragraph 2 of this Act,
- b) Any taxable person or non-taxable legal person, who acquires goods within the European Union in accordance with Article 4 paragraph 1 item 2 of this Act and any taxable person or non-taxable legal person whose goods acquisitions within the European Union are subject to VAT taxation in accordance with Article 5 paragraph 4 of this Act,
- c) Any taxable person who carries out goods acquisition within the European Union in the Republic of Croatia for the purposes of his economic activity referred to in Article 6 paragraph 2 of this Act which is performed outside the Republic of Croatia,
- d) Any taxable person who receives services in the Republic of Croatia for which he is obliged to pay VAT in accordance with Article 75 paragraph 1 item 6 of this Act,
- e) Any taxable person who has headquarters, a permanent establishment, permanent or habitual residence in the Republic of Croatia who supplies services on the territory of another Member State for which the service recipient is obliged to pay VAT in accordance with Article 196 of the Council Directive 2006/112/EC.
- (6) VAT identification number is a personal identification number (OIB) with added "HR" before it.
- (7) The Tax Administration may refuse to assign or terminate an assigned VAT identification number if it finds that reasons for registering for VAT purposes no longer exist or if a taxable person abuses the VAT identification number. The Tax Administration shall issue a decision on the matter and an appeal shall not delay the execution of that decision.
- (8) The Tax Administration may suspend a VAT identification number and shall notify the taxable person thereof. VAT identification number suspension shall not be deemed as termination. The Tax Administration may reactivate a suspended VAT identification number. The Tax Administration shall terminate a suspended VAT identification number in the event that a taxable person fails to submit proof eliminating the reason for VAT identification number suspension within one year.
- (9) The Minister of Finance shall lay down, by virtue of an ordinance, the content, form and manner of submitting the form referred to in this Article, the procedure for assigning, suspending and terminating VAT identification numbers and the procedure for registering in the VAT taxable person registry.

4 Invoicing

4.1 Obligation to issue invoices

Article 78

- (1) Each taxable person shall be obliged to issue an invoice for:
1. The supply of goods and services performed for another taxable person or non-taxable legal person,
 2. The supply of goods within the meaning of Article 13 paragraphs 3 and 4 of this Act,
 3. The supply of goods performed in accordance with the conditions laid down in Article 41 paragraph 1 of this Act,
 4. Any advance received prior to a performed goods supply referred to in items 1 and 2 of this paragraph and
 5. Any advance received from another taxable person or non-taxable legal person prior to the end of supply of services.
- (2) A taxable person who performs the supply within the meaning of Article 13 paragraphs 7 and 8 of this Act shall also issue invoices.
- (3) By way of derogation from paragraphs 1 and 2 of this Article, a taxable person shall not be obliged to issue an invoice for performed services that are VAT exempt under Article 40 paragraph 1 items a) to g) of this Act, except in case of exchange transactions performed on the home territory.
- (4) An invoice shall be issued no later than on the fifteenth day of the month after the month in which a chargeable event



occurred for the goods supply performed in accordance with the conditions laid down in Article 41 paragraph 1 of this Act or services supply for which the recipient shall be obliged to pay VAT in accordance with Article 196 of the Council Directive 2006/112/EC.

(5) A taxable person may issue an aggregate invoice for several separate cases of goods or services supply, under the condition that the VAT on services listed in the aggregate invoice is calculated during the same calendar month.

(6) An invoice can also be issued by the recipient for goods and services supplied by a taxable person, under the condition that there is an agreement on that between the two parties and under the condition that a procedure was established for the acceptance of each invoice at the taxable person who carries out the supply of goods and services.

(7) The invoice issued by the supplier and the invoice issued by the supply recipient shall mean any document based on which the taxable person or a person ordered by the taxable person charges the amounts for the supplied goods or services, regardless of how the document is called in business transactions.

(8) Any document or notice that changes the original invoice and that explicitly and unambiguously refers to it shall be deemed to be an invoice.

(9) The rules for the issuance of invoices shall be governed by this Act if the invoice refers to the supply of goods and services which is deemed to be performed in the Republic of Croatia in accordance with the provisions of Articles 12 do 28 of this Act.

(10) If a supplier of goods or services, who does not have headquarters or a permanent establishment on the home territory or if his permanent establishment on the home territory does not participate in the supply, performs a supply of goods or services deemed to be performed in the Republic of Croatia in accordance with the provisions of Articles 12 to 28 of this Act, for a person who is obliged to pay VAT as recipient in accordance with Article 75 of this Act, regardless of paragraph 9 of this Article, the issuance of invoices shall be governed by the rules of the Member State where the supplier has headquarters or a permanent establishment from where supply is performed or, in case such headquarters or permanent establishment do not exist, the Member State in which he has a permanent or habitual residence. In the event that the invoice is issued by the supply recipient (self-invoicing), paragraph 9 of this Article shall apply.

(11) If a supplier has headquarters or a permanent establishment from where supply was performed or, if such headquarters or permanent establishment do not exist, a permanent or habitual residence in the Republic of Croatia and if he performs the supply of goods and services deemed not to be performed within the European Union in accordance with the provisions of Articles 12 to 28 of this Act, the invoicing for that supply shall be performed in accordance with the provisions of this Act.

(12) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the obligation to issue invoices.

4.2 Required invoice content

Article 79

(1) An invoice shall contain the following information:

1. Invoice number and date of issuance,
2. First and last name (company name), address, personal identification number or VAT identification number of the taxable person who supplied goods or services (seller),
3. First and last name (company name), address, personal identification number or VAT identification number of the taxable person for whom goods or services were supplied (buyer),
4. The amount and the common trade name of supplied goods and the type and amount or scope of supplied services,
5. The date of goods supply or supply of services or the date of advance receipt in an advance invoice, if that date may be determined and if it differs from the date of invoicing,
6. Unit price without VAT, or the fee amount for the supplied goods or performed services, categorized by VAT rate,
7. Discounts or rebates if they not included in the unit price,



8. VAT rate,

9. VAT amount categorized by VAT rate, except if a special procedure is applied for which that information is excluded within the meaning of this Act,

10. Aggregate amount of the fee and VAT.

(2) A taxable person shall provide personal identification number on the invoice. For transactions within the European Union, a taxable person shall provide VAT identification number on the invoice.

(3) A taxable person who carries out exempt goods or services supply shall provide a reference in the invoice to the provisions of this Act prescribing that exemption, i.e. the provisions of Article 10 of this Act or the corresponding provision of Council Directive 2006/112/EC or provide a note referring to the exemption. In those cases, the invoice may not contain information referred to in paragraph 1 items 8, 9 and 10 of this Article, only the aggregate amount of the fee.

(4) A taxable person who applies a special scheme referred to in Article 91 of this Act shall state "Special scheme – Travel Agencies" in the invoice.

(5) A taxable person who applies a special margin scheme referred to in Article 95 of this Act shall state "Special Margin Scheme – Used Goods", "Special Margin Scheme – Works of Art" or "Special Margin Scheme – Collector's or Antique Items" in the invoice.

(6) When the buyer receiving a supply issues an invoice in place of the supplier, the invoice shall contain the note "Self-Invoicing".

(7) In the event when the goods or services recipient is liable to pay VAT, the supplier shall state "reverse charge" on the invoice.

(8) If a taxable person appoints a tax representative referred to in Article 126 of this Act, the invoice must contain the first and last name (company name), address, personal identification number or VAT identification number of the tax representative.

(9) Invoices for the supply of new means of transport within the European Union carried out within the meaning of Article 41 paragraph 1 item a) and b) of this Act shall also contain information referred to in Article 4 paragraph 2 and 3 of this Act.

(10) If, in an invoice for supplied goods or services, a taxable person lists VAT higher than the one owed under the Act, then he shall own a higher amount unless he correct the amount issued to the recipient in the manner prescribed for taxable amount correction in accordance with Article 33 paragraph 7 of this Act.

(11) If someone lists VAT on an invoice for supplied goods or services, even though they are not authorized to do so, or if they issue an invoice even though the goods were not supplied or the services were not performed, he shall own the listed amount of VAT unless he corrects the invoice issued to the recipient in the manner prescribed for taxable amount correction in accordance with Article 33 paragraph 7 of this Act.

(12) A taxable person may issue a simplified invoice for performed goods and services supply whose amount does not exceed HRK 700.00. Such invoice shall contain the following information:

1. Invoice number and date of issuance,

2. First and last name (company name), address, personal identification number or VAT identification number of the taxable person who supplied goods or services (seller) and an indication of the place where the goods or services supply was performed (number of point of sale, business space, store, etc.),

3. First and last name (company name), personal identification number or VAT identification number of the taxable person for whom the services or goods were supplied (buyer),

4. The amount and common trade name of supplied goods, and the type and amount of supplied services,

5. Fee amount with VAT included, categorized by VAT rate,

6. Amount of calculated VAT categorized by VAT rate,

7. Date of issuance of the document or notice deemed as invoice in accordance with Article 78 paragraph 8 of this Act, reference to original invoice with details that have been altered.



(13) A taxable person may not issue a simplified invoice for the supply of goods or services performed to another Member State in which VAT is payable, or if his permanent establishment in that Member State does not participate in the supply within the meaning of Article 192.a of Council Directive 2006/112/EC, and the person who is obliged to pay VAT is the person to whom the goods or services were supplied.

(14) A taxable person who does not have headquarters in another Member State in which VAT is payable or whose permanent establishment in that Member State does not participate in the supply within the meaning of Article 192.a of Council Directive 2006/112/EC who performs a supply of goods or services to a recipient who is obliged to pay VAT shall list on the invoice the taxable amount of those goods and services, the amount of supplied goods or services and their name instead of the information referred to in paragraph 1 items 6, 7, 8 and 9 of this Article.

4.3 Paper invoices and electronic invoices

Article 80

(1) The term invoice shall also refer to an invoice issued and sent electronically if the recipient consent to the receipt of such an invoice.

(2) The authenticity of origin, the completeness of content and the legibility of the invoice shall be ensured from the moment of issuance until the end of the invoice storage period regardless of whether the invoice was issued on paper or electronically.

(3) A taxable person shall determine the manner of ensuring the completeness of origin, the integrity of content and the legibility of the invoice. The aforementioned may be achieved with the use of electronic data interchange (EDI) or an advanced electronic signature or any business control method that allows the connection of invoices with goods and services supply.

(4) The authenticity of origin shall be ensured in a manner which allows for the invoice issuer's identity can be undoubtedly determined, and the completeness of content implies that the invoice was not changed until the end of the period for invoice storage.

(5) When a group of invoices is electronically sent or made available to one recipient, the information shared by all invoices may be provided only once if all of the information is available for each invoice.

(6) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to paper invoices and electronic invoices.

4.4 Other provisions

Article 81

Amounts on invoices shall be expressed in HRK, and may also be expressed in any currency under the condition that the VAT amount to be paid or adjusted is expressed in HRK with the application of the exchange rate referred to in Article 36 paragraph 2 of this Act.

4.5 Storing invoices and other documentation

Article 82

(1) A taxable person shall store copies of invoices that he issued or that a third person or a buyer, i.e. the services or goods recipient, issued on his behalf and for his account, as well as any invoices he received.

(2) Invoices may be stored in paper or electronic form.

(3) If a taxable person who has headquarters, a permanent establishment, permanent or habitual residence on the territory of the Republic of Croatia decides to store copies or invoices he issued and invoices he received outside the territory of the Republic of Croatia, he shall notify the competent Tax Administration office thereof and shall without delay



allow the Tax Administration and other bodies competent for tax audit to review the invoices at their request.

(4) Taxpayers shall store the issued and received invoices, documents on invoice corrections, proof of export or import, documents based on which they used VAT exemptions, VAT calculations and all other documents necessary to determine and pay VAT within the time limits prescribed by the General Tax Act. This shall also include invoices issued and received electronically.

(5) By way of derogation from paragraph 4 of this Article, documentation that refers to real estate taxation under this Act shall be stored for 10 years after the end of the year to which it refers.

(6) A taxable person who stores issued or received invoices with the help of electronic devices guaranteeing online access to information must provide the body performing the tax audit, on request, the right to access, download and use those invoices.

5 Bookkeeping obligation

1 General provision

Article 83

(1) In his bookkeeping, a taxable person shall ensure any information necessary to allow correct and timely VAT calculation and payment. A taxable person shall ensure information on VAT liability for payment and on VAT payment, as well as on claims for input tax return and input tax collection. A taxable person shall also have information that proves that the conditions for tax exemptions laid down in Article 41 paragraph 1 of this Act have been fulfilled.

(2) A taxable person shall keep records of goods that he dispatched or transported or that were dispatched or transported for his account outside the territory of the Republic of Croatia, but within the European Union for the supply of services of goods value estimates or work on those goods or their temporary use within the meaning of Article 7 paragraph 6 items d), e) and f) of this Act.

(3) A taxable person shall keep detailed records that allow for the identification of goods which were dispatched to him from another Member State by a taxable person registered for VAT purposes in that other Member State or another person for his account and which were used for services that consist of estimates of those goods or works on those goods.

(4) Taxpayers who express goods stock at their selling prices with included VAT shall also ensure information on included VAT and information on taxable amount categorized by VAT rates.

(5) Taxpayers shall ensure information referred to in paragraph 1, 2, 3 and 4 of this Article within the time limit prescribed for VAT payment.

(6) If it is found during tax audit that a taxable person is not bookkeeping within the meaning of this Act and that VAT liability may not be determined on that ground, the body performing the tax audit shall impose on the taxable person a list of found goods without purchase documentation, at market prices.

(7) The Minister of Finance shall lay down, by virtue of an ordinance, the form and content of records referred to in this Article.

XIV TAXATION PERIOD, VAT CALCULATION, TAXATION PROCEDURE AND VAT RETURN SUBMISSION

1 Taxation period

Article 84

(1) Taxation period shall span from the first to the last day of the month.

(2) By way of derogation from paragraph 1 of this Article, taxation periods for a taxable person whose value of supplied



goods and services including VAT in the previous calendar year amounts to less than HRK 800,000.00 shall span from the first to the last day of a quarter. A taxable person with taxation periods from the first to the last day of a quarter may decide to submit returns for the period referred to in paragraph 1 of this Article.

(3) The provisions of paragraph 2 of this Article shall not apply to a taxable person who performs transactions within the European Union.

(4) Taxation periods shall span from the first to the last day of the month for a taxable person who does not have headquarters, a permanent establishment, permanent or habitual residence on the home territory, and who is registered for VAT purposes on the home territory.

2 VAT return submission

Article 85

(1) A taxable person shall determine VAT liability for a taxation period and express it in the VAT return which shall contain all of the information necessary to calculate VAT, i.e. the total value of taxable transactions, VAT amount and input tax amount according to VAT rates and the total value of exempt transactions and transactions that are not subject to taxation.

(2) In addition to information referred to in paragraph 1 of this Article, a taxable person shall provide the following information in a VAT return that refers to a specific taxation period:

- a) The total value, without VAT, of goods supply referred to in Article 41 paragraph 1 of this Act for which the obligation to calculate VAT arose in that taxation period,
- b) The total value, without VAT, of goods acquisition within the European Union and acquisition referred to in Article 9 paragraphs 3 and 4 of this Act, carried out in the Republic of Croatia, for which the obligation to calculate VAT arose in that taxation period,
- c) The total value, without VAT, of goods supply referred to in article 13 paragraphs 3, 4 and 10 of this Act, carried out on the territory of another Member State, for which the obligation to calculate VAT arose in that taxation period, if the goods were sent or dispatched from the Republic of Croatia,
- d) The total value, without VAT, of goods supply referred to in Article 13 paragraphs 3, 4, and 10 of this Act, carried out in the Republic of Croatia, or which the obligation to calculate VAT arose in that taxation period, if goods are sent or dispatched from another Member State,
- e) The total value of goods supply, without VAT, for which the supply recipient referred to in Article 10 paragraph 4 of this Act shall be liable to pay VAT under Article 75 paragraph 1 item 3 of this Act and for which the obligation to calculate VAT arose in that taxation period,
- f) The total value, without VAT, of supplied services referred to in Article 17 paragraph 1 of this Act for which the obligation to calculate VAT arose in that taxation period,
- g) The total value of supply for which the recipient is liable to pay VAT in accordance with Article 75 paragraph 1 item 7 and Article 75 paragraphs 2 and 3 of this Act,
- h) The number and total value of supply referred to in Article 40 paragraph 1 items j) and k) of this Act,
- i) The number and total value of supply referred to in Article 40 paragraph 4 of this Act,
- j) The application of the taxation procedure according to collected fees.

(3) The return referred to in paragraph 1 of this Article shall also be submitted by a person liable to pay VAT instead of a taxable person without headquarters in the Republic of Croatia, a non-taxable legal person and is liable to pay VAT on goods acquisitions within the European Union, a person who is registered for VAT purposes and acquires a new means of transport and a taxable person or non-taxable legal person, whose other acquisitions are not subject to VAT taxation, who acquires goods within the European Union subject to excise duty. VAT return shall also be submitted by a small taxable person referred to in Article 90 paragraph 1 of this Act when he supplies services to taxable persons from other Member States or from third countries for which the place of the supply of services is the headquarters of the service recipient under Article 17 paragraph 1 of this Act.



(4) When calculating VAT, amounts on invoice referred to in Article 79 paragraphs 10 and 11 of this Act should also be taken into account.

(5) Input tax shall be deducted within the meaning of article 57 paragraph 2 of this Act from the VAT amount calculated under the provisions of paragraphs 1, 2 and 4 of this Article.

(6) A taxable person must submit the VAT return referred to in paragraph 1 of this Article to the competent Tax Administration office according to his headquarters, or permanent or habitual residence on the prescribed form by the 20th day of the month following the end of the taxation period referred to in article 84 paragraphs 1, 2 and 4 of this Act.

(7) In the VAT return submitted for the last taxation period of the calendar year, the taxable person shall make any adjustments and corrections for that calendar year. If a taxable person terminates his business activity, he shall make any adjustments and corrections by the date of business activity termination in the VAT return submitted for the last taxation period in which carried out business activity.

(8) If a taxable person fails to submit a VAT return on the prescribed time limit or if he lacks the prescribed documentation and tax records, the Tax Administration may estimate and determine his tax liability.

(9) A taxable person who does not have headquarters, a permanent establishment, a permanent or habitual residence on the home territory and who performs exclusively occasional international road transport of passengers on the territory of the Republic of Croatia may submit his VAT return in paper form. VAT return in paper form may also be submitted by small taxable persons who exclusively receive and supply services to taxable persons from third countries and when they are liable to pay VAT under Article 75 paragraph 2 of this Act.

(10) A taxable person without headquarters, or a permanent or habitual residence on the home territory, who is registered for VAT purposes in the Republic of Croatia, shall submit a report for goods and services supply referred to in Article 75 paragraph 2 of the Act no later than on the 20th day of the month following the end of the taxation period.

(11) A taxable person who performs the supply referred to in Article 75 paragraph 3 of this Act also submit a report on home territory supply with a reverse charge.

(12) The Minister of Finance shall lay down, by virtue of an ordinance, the form and content of the VAT return form, the form, content and time limits for submitting the return referred to in paragraphs 10 and 11 of this Article and the time limits for submitting a VAT return submitted by a taxable person performing exclusively occasional international road transport of passengers on the territory of the Republic of Croatia.

3 Report for the acquisition of goods and received services from other European Union Member States

Article 86

(1) A taxable person shall submit a report for the acquisition of goods and received services in which he shall report any information on the value of goods acquisition, as well as the value of received services supplied to him by taxable persons established in another Member State.

(2) The report referred to in paragraph 1 of this Article shall be submitted by the 20th day of the month following the end of the taxation period referred to in Article 84 paragraph 1 of this Act.

(3) The Minister of Finance shall lay down, by virtue of an ordinance, the form and content of the report for the acquisition of goods and received services.

4 Reports for supply and acquisition of new means of transport

Article 87

(1) A taxable person who carries out supply of a new means of transport for a person who is not registered for VAT purposes or a taxable person referred to in Article 6 paragraph 4 of this Act, for a new means of transport supply in accordance with Article 41 paragraph 1 item b) of this Act, shall submit a report for the supply of new means of transport within 10 days of the date of new means of transport supply in which he shall report the value of that supply.



(2) A taxable person who acquires new means of transport within the European Union in accordance with Article 4 paragraph 1 item 2b) of this Act shall submit a report for the acquisition of new means of transport within 10 days of the date of new means of transport acquisition, in which he shall report any information necessary for the calculation and supervision of VAT. The report shall not be submitted by the taxable person who uses new means of transport for further sale.

(3) The reports referred to in paragraphs 1 and 2 of this Article shall be submitted to the Tax Administration.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the submission of reports for the supply and acquisition of new means of transport, as well as the form and content of the report form referred to in this Article.

5 Recapitulative Statement for the supply of goods and services to other European Union Member States

5.1 General

Article 88

(1) A taxable person registered for VAT purposes shall submit a Recapitulative Statement on the following:

a) Acquirers registered for Vat purposes to whom he supplied goods under the conditions referred to in Article 41 paragraph 1 item a) of this Act and for the transfer of goods within the meaning of Article 41 paragraph 1 item d) of this Act,

b) Persons registered for VAT purposes to whom he supplied goods that were supplied to him as part of acquisitions within the European Union referred to in Article 10 of this Act,

c) Taxpayers and legal persons who are not taxable persons, and who are registered for VAT purposes, to whom he supplied services, other than services that are VAT exempt in the Member State where the transaction is taxable and for which the recipient is liable to pay VAT in accordance with Article 196 of the Council Directive 2006/112/EC.

(2) The Recapitulative Statement shall be submitted no later than on the 20th day of the month following the end of the taxation period referred to in Article 84 paragraph 1 of this Act.

(3) The Recapitulative Statement shall contain:

a) VAT identification number under which the taxable person is registered for VAT purposes on the home territory and under which he supplies goods under the conditions referred to in Article 41 paragraph 1 item a) of this Act or supplies services under Article 17 paragraph 1 of this Act,

b) VAT identification number under which the person who acquires goods is registered for VAT purposes in another Member State and under which the goods or services were supplied to that person within the European Union,

c) The total value of goods or services supply performed by the taxable person, for each goods acquirer or service recipient,

d) The value of the taxable amount correction in accordance with Article 33 paragraph 7 of this Act. Those values are reported for a taxation period during which a person who acquires goods or receives services reported corrections.

(4) The values referred to in paragraph 3 item c) of this Article shall be reported in the Recapitulative Statement for the taxation period referred to in Article 84 paragraph 1 of this Act. The values referred to in paragraph 3 item d) of this Article for which the acquirer received a notice of adjustment shall be reported in the Recapitulative Statement for the taxation period referred to in Article 84 paragraph 1 of this Act.

(5) In case of goods transfer, the following shall be reported in the Recapitulative Statement:

1. VAT identification number under which the taxable person is registered for VAT purposes on the home territory,

2. VAT identification number under which the taxable person is registered in the Member State in which the dispatch or transport of goods ended within the meaning of Article 41 paragraph 1 item d) of this Act,



3. The total value or transferred goods determined in accordance with the provision of Article 33 paragraph 6 of this Act.

(6) The Minister of Finance shall, by ordinance, prescribe the implementation of this Article with regard to the Recapitulative Statement, including form and content.

5.2 Specifics reported in the Recapitulative Statement in relation to triangular transactions

Article 89

(1) A taxable person registered for VAT purposes on the home territory where he was assigned a VAT identification number under which he acquired goods, shall report the following information in the Recapitulative Statement under Article 10 paragraph 5 of this Act:

- a) His VAT identification number under which he acquired goods or performed further supply of those goods,
- b) VAT identification number of the further supply recipient issued in the Member State where transport or dispatch ends,
- c) For each individual recipient for whom he carried out supply referred to in item b) of this paragraph, the sum of fees without VAT for supply carried out by the taxable person in such a way to a Member State in which dispatch or transport of goods ends.

(2) The total value referred to in paragraph 1 item c) of this Article shall be reported in the Recapitulative Statement for the taxation period referred to in Article 84 paragraph 1 of this Act.

XV SPECIAL SCHEMES

1 Special scheme for small taxable persons

Article 90

(1) Within the meaning of this Act, a "small taxable person" shall refer to a legal person with headquarters, a permanent establishment, or a natural person with permanent or habitual residence on the home territory, whose value of goods supply or services performed in the previous calendar year did not exceed HRK 230,000.00.

(2) The taxable person referred to in paragraph 1 of this Article shall be VAT exempt for supply of goods or service, he shall not have the right to list VAT on issued invoices and shall not be entitled to input tax deduction.

(3) the taxable person referred to in paragraph 1 of this Article may request from the Tax Administration that paragraph 2 of this Article is not applied to him, which obliges him to the regular taxation procedure under this Act for the following three years. If a taxable person submitted a request for registration for VAT purposes in order to be entered into the VAT taxable person registry, it shall be deemed that the request is approved if the Tax Administration does not issue a decision on in within eight days from the request receipt day.

(4) Exemption from VAT referred to in paragraph 2 of this Article shall not apply to:

- a) Supply of new means of transport under the conditions referred to in Article 41 paragraph 1 items a) and b) of this Act,
- b) In the event of a reverse charge for small taxable persons within the meaning of Article 75 paragraph 1 items 6 and 7, and Article 75 paragraph 2 of this Act.

(5) The value of goods and services supply within the meaning of paragraph 1 of this Article, without VAT, shall include:

- a) The value of supply of goods and services that are taxable,
- b) The value of VAT exempt supply referred to in Article 45, 46, 47, 48 and 49 of this Act,
- c) The value of real estate supply and transactions referred to in Article 40 paragraph 1 items a) to g) of this Act, unless



those transactions are ancillary.

(6) The supply of tangible and intangible economic goods of the taxable person shall not be taken into account when calculating the value of supply referred to in paragraph 1 of this Article.

(7) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to a special scheme for small taxable persons.

Note: From 1 January 2018, in Article 90 paragraph 1 the number: "230,000.00" shall be replaced by the number: "300,000.00".

2 Special scheme for travel agencies

2.1 Services of travel agencies and tour operators

Article 91

(1) A special scheme shall refer to the business of travel agencies if they are doing business with buyers on their own behalf, and use goods and services supply of other taxable persons to supply the travel service. This procedure shall not apply to travel agencies when they act solely as intermediaries and to which the provisions of Article 33 paragraph 3 of this Act apply for the taxable amount calculation. Tour operators shall be deemed as travel agencies within the meaning of this Act.

(2) Transactions performed by a travel agency in relation to travel under the conditions of this Article shall be deemed as a single service supplied to a buyer by a travel agency.

(3) The performed service shall be taxable according to the place of travel agency headquarters or permanent establishment from where the services are performed.

(4) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to the special scheme for travel agencies.

2.2 Taxable amount

Article 92

Taxable amount, in relation to a single service, shall be the difference in the travel agency price, or the difference between the total fee, without VAT, paid by the buyer and the actual travel agency costs for the supply of goods or services performed for the agency by other taxable persons, if those transactions are performed directly for the buyer.

2.3. Exempt transactions

Article 93

If transactions entrusted to another taxable person by a travel agency are performed outside of the European Union, the travel agency services shall be deemed as a service supplied by intermediaries that is VAT exempt under Article 49 of this Act. When those transactions are performed both within and outside of the European Union, only that part of the travel agency service that refers to transactions outside the European Union shall be exempt.

2.4 Input tax deduction or refund

Article 94



VAT calculated for a travel agency by other taxable persons for transactions referred to in Article 91 paragraphs 2 and 3 of this Act that are performed directly for the buyers cannot be deducted or returned.

3 Special margin scheme for used goods, works of art, collectors' and antique items

3.1 General

Article 95

(1) Within the meaning of this Act, certain terms shall have the following meanings:

- a) "Used goods" shall refer to tangible movable assets that are suitable for further use in their current condition or after repair, with the exception of works of art, collectors' or antique items and precious metals under the CN codes 7106, 7108, 7110 and 7112 gemstones under the CN codes 7102 and 7103,
- b) "Works of art" shall refer to items listed in Annex III Part A of this Act,
- c) "Collectors' items" shall refer to items listed in Annex III Part B of this Act,
- d) "Antique items" shall refer to items listed in Annex III Part C of this Act,
- e) "Reseller" shall refer to a taxable person who, as part of his economic activity, buys or imports used goods and/or works of arts, collectors' or antique items for resale for the purposes of his activity, regardless of whether that taxable person acts for his account or for the account of another person under an agreement establishing a commission payment on sale or purchase.

(2) For the supply of used goods, works of art, collectors' or antique items performed by a reseller, a special procedure for the taxation of the price difference (margin) made by the reseller shall apply.

(3) The special margin scheme shall not apply to the supply of new means of transport, performed in accordance with the conditions referred to in Article 41 paragraph 1 items a) and b) of this Act.

(4) For the supply of goods referred to in paragraph 2 of this Article performed by a reseller, the special margin scheme shall apply of those goods were not supplied to him on the territory of the European Union by one of the following persons:

- a) A non-taxable person,
- b) A taxable person whose goods supply is exempt in accordance with Article 40 paragraph 2 of this Act,
- c) Another taxable person whose goods supply is exempt in accordance with Article 90 paragraphs 1 and 2 of this Act and included economic goods,
- d) Another reseller, whose supply is taxable under the special margin scheme.

(5) The provisions of Article 13 paragraphs 3, 4, 5, 6, 7, 8 and 9 of this Act shall not apply to goods supply referred to in paragraph 2 of this Article.

(6) The Minister of Finance shall lay down, by virtue of an ordinance, prescribe the implementation of this Article with regard to the special margin scheme for used goods, works of art, collectors' or antique items.

3.2 Taxable amount

Article 96

(1) The taxable amount for goods supply referred to in Article 95 paragraph 4 of this Act shall be the margin equal to the difference between the selling and purchase price of supplied goods, reduced by the VAT amount contained in that margin.



(2) Within the meaning of paragraph 1 of this Article, "selling price" shall refer to anything constituting a fee that the reseller received or will receive from a buyer or third person, including subsidies directly related to that transaction, taxes, customs duties, fees and similar charges and ancillary expenses such as commissions, the costs of packing, transport and insurance charged to the buyer by the reseller, other than the amount referred to in Article 33 paragraph 3 of this Act.

(3) Within the meaning of paragraph 1 of this Article, "purchase price" shall refer to anything constituting a fee referred to in paragraph 2 of this Article that the supplier received or will receive from the reseller.

3.3 The right to opt for a margin scheme in special cases

Article 97

(1) At his own discretion, a reseller may apply a margin scheme on the following supply:

- a) Of works of art, collectors' or antique items he imports himself,
- b) Of works of art supplied by the other or his legal successors.

(2) The reseller who opts for the application of the margin scheme in cases referred to in paragraph 1 of this Article shall be obliged to apply that procedure for two calendar years.

(3) The reseller shall notify the competent Tax Administration office of the start of margin scheme application in cases referred to in paragraph 1 of this Article in writing within the time limit for the submission of VAT return for the first taxation period in the calendar year in which the taxable person applied the margin scheme.

(4) The reseller referred to in paragraph 2 of this Article may, after the expiry of the two calendar year, opt out of applying the margin scheme. He shall submit, in writing, a statement on such action to the competent Tax Administration office in the time period for the submission of VAT return for the first taxation period in the calendar year in which he ceases to apply the special margin scheme. If he fails to submit a written notice to the competent Tax Administration office in the prescribed time limit, the reseller shall continue to apply the margin scheme period for the following two calendar years.

(5) The taxable amount for the supply taxed under the margin scheme period within the meaning of paragraph 1 of this Article shall be the taxable amount established in accordance with Article 96 paragraph 1 of this Act. For the supply of works of art, collectors' or antique items which the taxed reseller imported himself, the amount of VAT shall be added to the customs basis or purchase price.

3.4 Exemption from VAT for margin scheme

Article 98

The price difference (margin) made during the supply of used goods, works of art, collectors' or antique items subject to the special margin scheme shall be VAT exempt if the supply is carried out under the conditions referred to in Article 45, Article 46 paragraph 1, Article 47 paragraph 1 and Article 48 paragraph 1 items a), b), c), d) and e) of this Act.

3.5 Regular taxation procedure

Article 99

A reseller may apply the regular taxation procedure for any goods supply for which the special margin scheme referred to in Article 95 of this Act is prescribed.

Article 100



(1) If a reseller applies the regular taxation procedure to the supply of works of art, collectors' or antique items he imports himself, he shall have the right to deduct the amount of VAT paid on import from the amount of VAT he is liable to pay.

(2) If a reseller applies the regular taxation procedure to the supply of works of arts obtained from the author or his legal successors or from taxable persons who are not resellers, he shall have the right to deduct the amount of VAT charged for supplied works of art from the amount of VAT he is liable to pay.

(3) The right to VAT deduction shall arise at the moment when the obligation to calculate VAT for the supply for which the reseller applied the regular taxation procedure arises.

3.6 Input tax deduction

Article 101

(1) A reseller who applies a special margin scheme may not deduct, from the VAT he is liable to pay, the amount of VAT he paid on input or VAT charged for:

1. Works of art, collectors' or antique items he imported himself,
2. Works of art supplied or to be supplied to him by authors or their legal successors,
3. Works of art supplied or to be supplied to him by taxable persons who are not resellers.

(2) A reseller who applies a special margin scheme period may not deduct VAT charged by another seller for supplied goods from VAT he is liable to pay if a special margin scheme period is applied for the supply of those goods.

3.7 Keeping records

Article 102

(1) A reseller who simultaneously applies the regular VAT taxation procedure and a special margin scheme shall keep special records for each of those procedures.

(2) The Minister of Finance shall lay down, by virtue of an ordinance, the form and content of records for the special margin scheme.

3.8 Stating VAT on invoices

Article 103

A reseller may not separately state a VAT amount on invoices for supplied goods subject to a special margin scheme.

4 Special procedure for sale through public auction

Article 104

(1) A special margin scheme may also be applied in the event when margin is made by the organizer of a sale through public auction for the supply of used goods, works of art, collectors' and antique items on his behalf and for the account of persons referred to in Article 106 of this Act, based on an agreement under which he is paid a commission for the sale of those goods through a public auction.

(2) The procedure referred to in paragraph 1 of this Article shall not apply to the supply of new means of transport, performed in accordance with the conditions referred to in Article 41 paragraph 1 items a) and b) of this Act.

Article 105



(1) A "public auction sale organizer" shall refer to a taxable person who, as part of his economic activity, sells goods through public auction with the aim of selling them to the highest bidder.

(2) A "principal of a public auction sale organizer" shall refer to any person who provides goods to the public auction sale organizer under an agreement setting out a sales commission payment.

Article 106

The special procedure referred to in Article 104 of this Act shall apply to supply performed by the public auction sale organizer on his behalf and for the account of one of the following persons:

- a) A non-taxable person,
- b) Another taxable person whose goods supply performed based on an agreement under which a sales commission is paid that is exempt in accordance with Article 40 paragraph 2 of this Act,
- c) Another taxable person whose goods supply performed based on an agreement under which a sales commission is paid that is exempt in accordance with Article 90 paragraph 1 of this Act and that includes economic goods,
- d) Reseller whose goods supply performed based on an agreement under which a sales commission is paid that is taxable in a special margin scheme.

Article 107

A supply of goods to a taxable person who is a public auction sale organizer shall be deemed as performed at the time the sale of those goods is carried out through public auction.

Article 108

The taxable amount for the supply of goods under a special public auction sale procedure shall be total amount of the invoice in accordance with Article 111 of this Act sent to the buyer by the public auction sale organizer, minus:

- a) The net amount that the public auction sale organizer paid or has to pay to his principal in accordance with Article 109 of this Act,
- b) The VAT amount that the public auction sale organizer has to pay for his supply.

Article 109

The net amount that the public auction sale organizer paid or has to pay to his principal shall be equal to the difference between the price of goods achieved at a public auction and the amount of commission that the public auction sale organizer received or has to receive from his principal based on an agreement setting out the payment of sales commission.

Article 110

(1) The public auction sale organizers who supply goods under the conditions prescribed in Articles 104 and 106 of this Act must report the following in their bookkeeping:

- a) The amount they received or are to receive from the goods buyer,
- b) The amount they allocated or are to allocate to the goods seller.

(2) The amounts referred to in paragraphs 1 of this Article shall be based on credible documentation.



Article 111

(1) Public auction sale organizers shall issue an invoice to the buyer specifying the following information:

- a) The price of goods achieved at a public auction,
- b) Taxes, customs duties, fees and similar duties,
- c) Ancillary costs such as commissions, the costs of packaging, transports and insurance which the organizer charges to the goods buyer.

(2) VAT may not be specified on the invoice issued by the public auction sale organizer.

Article 112

(1) The public auction sale organizer who received goods under an agreement according to which commission is paid for the sale of goods through public action shall issue a calculation to his principal.

(2) The calculation referred to in paragraph 1 of this Article shall specify the amount of transaction or the price of goods achieved at a public auction minus the amount of commission that was received or is to be received from the principal.

(3) The calculation referred to in paragraph 2 of this Article shall serve as the invoice which the principal, if he is a taxable person, shall issue to the public auction sale organizer in accordance with Article 78 paragraph 1 of this Act.

5 Special scheme for investment gold

5.1 General

Article 113

(1) Within the meaning of this Act, "investment gold" shall refer to:

1. Gold in the form of bars with weight accepted on the precious metal market, with purity equal to or greater than 995 parts per thousand, regardless of whether it is represented by securities or not,

2. Gold coins:

- a) With purity equal to or greater than 900 parts per thousand,
- b) minted after the year 1800,
- c) That currently are or used to be considered legal tender in the country of origin and
- d) That are usually sold at the price that does not exceed more than 80 % of the value of gold on open market, contained in coins.

(2) Within the meaning of this Article, it shall not be deemed that the coins referred to in paragraph 1 item 2 of this Article are sold for numismatic purposes.

5.2 Exemption from VAT

Article 114

The following shall be VAT exempt:



a) The supply, the acquisition within the European Union and the import of investment gold, including investment gold in the form of certificates on individual or aggregate gold storage, or gold traded through gold trading accounts, including loans in gold and gold swap transactions which include the right of ownership or claims relating to investment gold, as well as transactions related to investment gold that include futures and forward contracts whose result is the transfer of ownership rights or claims rights in relation to investment gold,

b) The services of mediators who acts on behalf and for the account of another person if they mediate in the supply of gold for their principal.

5.3 The right to opt for taxation

Article 115

(1) By way of derogation from the provision of Article 114 of this Act, a taxable person who produces investment gold or turns gold into investment gold shall have the right to opt for the taxation of the investment gold supply he performs for other taxable persons.

(2) The right to opt for the taxation of investment gold referred to in Article 113 paragraph 1 item 1 of this Act shall be awarded to the taxable person who supplies golds as part of his activity to another taxable person for industrial purposes.

(3) If the supplier referred to in paragraphs 1 and 2 of this Article opts for the investment gold supply taxation, the right to opt for taxation shall also be awarded to the mediator for services referred to in Article 114 item b) of this Act.

(4) In case of supply of gold material or gold intermediate products with purity of 325 parts per thousand or greater, or of investment gold for which the right to opt for taxation applies within the meaning of paragraph 1 of this Article, the tax liability be transferred to the recipient.

(5) The Minister of Finance shall lay down, by virtue of an ordinance, the conditions for the right to opt for taxation.

5.4 The right to input tax deduction

Article 116

(1) If the following supply of investment gold is VAT exempt, the taxable person shall have the right to deduct VAT that he paid or that was charged to him for:

a) Investment gold supplied by a person who opted for taxation under Article 115 paragraphs 1 and 2 of this Act,

b) The purchase or acquisition within the European Union or for the import of gold, except investment gold, he performed himself, and which gold was later turned into investment gold by the taxable person or someone on his behalf,

c) Services supplied to him that consist of changes to the shape, weight and purity of gold, including investment gold.

(2) The taxable person who produces investment gold or turns gold into investment gold shall have the right to deduct VAT that he paid or that was charged to him for supplied or acquired goods within the European Union, imported goods or services supplied in relation to the production or conversion of that gold, as if his subsequent supply of that gold, which is VAT exempt under Article 114 item a) of this Act, is taxable.

5.5 Keeping records and storing documentation

Article 117

Taxpayers shall issue invoices and keep records of transactions with investment gold and keep information on that, including buyer identity data, within the time limits prescribed by the General Tax Act.



6 Special Schemes for telecommunication services, services of radio and television broadcasting and electronically supplied services to persons who are not taxable persons

6.1 General

Article 118

(1) With regard to special schemes referred to in Articles 119 to 125h of this Act, certain terms shall have the following meanings:

1. "Telecommunication services" shall mean the services referred to in Article 26 paragraph 1 item a) and Article 26 paragraph 3 of this Act,
2. "Services of radio and television broadcasting" shall mean the services referred to in Article 26 paragraph 1 item b) of this Act,
3. "Electronically supplied services" shall mean the services referred to in Article 26 paragraph 1 item c) and Article 26 paragraph 4 of this Act,
4. "Member State of consumption" shall refer to a Member State which is deemed as the place of supply of telecommunication services, radio and television broadcasting services and electronically supplied services,
5. "VAT return for a special scheme" shall mean a return that contains information necessary to determine the amount of VAT belonging to an individual Member State of consumption.

(2) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation with regard to special procedures referred to in this Article.

6.2 Special scheme for telecommunication services, services of radio and television broadcasting and electronically supplied services supplied by taxable persons without headquarters in the European Union

Article 119

With regard to Articles 119a to 125 of this Act, certain items shall have the following meaning:

1. "Taxpayer without headquarters on the territory of the European Union" shall mean a taxable person who does not have headquarters, a permanent establishment, a permanent or habitual residence on the territory of the European Union and who does not have to be registered for VAT purposes,
2. "Member State of application" shall refer to the Member State chosen by the taxable person without headquarters on the territory of the European Union in order to apply there for the beginning of his activity as a taxable person on the territory of the European Union in accordance with the provisions on the special scheme for telecommunication services, radio and television broadcasting services and electronically supplied services supplied by taxable persons without headquarters in the European Union.

6.2.1 Application of special procedure

Article 119a

The special scheme for telecommunication services, radio and television broadcasting services and electronically supplied services shall apply to any such services supplied on the territory of the European Union by a taxable person without headquarters on the territory of the European Union to persons who are not taxable persons and who have headquarters, or permanent or habitual residence in any Member State.



6.2.2 Application to the Tax Administration for the application of the special scheme

Article 120

(1) A taxable person without headquarters on the territory of the European Union who chooses the Republic of Croatia as the Member State shall electronically report to the Tax Administration the beginning and end of his activity as a taxable person or a change in activity such that he does no longer fulfils the conditions for the application of a special scheme.

(2) A taxable person without headquarters on the territory of the Republic of Croatia shall report the following information in the application referred to in paragraph 1 of this Article: first and last name (company name), postal address, electronic address, including website, national VAT number if it exists and a statement that he is not registered for VAT purposes within the European Union. A taxable person without headquarters on the territory of the Republic of Croatia shall inform the Tax Administration of all the changes to the submitted information.

(3) The Tax Administration shall assign an identification number to the taxable person referred to in paragraph 1 of this Article and shall electronically inform him thereof.

6.2.3 Deregistration

Article 121

The Tax Administration shall remove the taxable person referred to in Article 120 paragraph 1 of this Act from the taxable person records in any of the following cases:

- a) If he submits a notice that he no longer supplies telecommunication services, radio and television broadcasting services and electronically supplied services referred to in Article 118 paragraph 1 items 1, 2 and 3 of this Act,
- b) If it can be assumed in any other way that his taxable activity ended,
- c) If he no longer fulfils the conditions for the application of a special scheme,
- d) If he does not act in accordance with the provisions of the special scheme.

6.2.4 Submission of a VAT return for a special scheme

Article 122

(1) The taxable person referred to in Article 120 paragraph 1 of this Act shall submit a VAT return for a special scheme to the Tax Administration for each calendar quarter within 20 days from the end of the taxation period to which the return refers, regardless of whether he supplied telecommunication services, radio and television broadcasting services or electronically supplied services in that period. The VAT return for a special scheme shall be submitted electronically.

(2) In the VAT return referred to in paragraph 1 of this Article, the taxable person shall note his identification number referred to in Article 120 paragraph 3 of this Act and, for each Member State of consumption in which he has to pay VAT, the total value of performed services referred to in Article 26 of this Act in the taxation period without VAT, the total amount of relevant VAT per rates, the VAT rates that are applied and the total amount of VAT to be paid.

(3) The amounts in the VAT return referred to in paragraph 1 of this Article shall be expressed in HRK. If supplies were carried out in other currencies, a taxable person without headquarters on the territory of the European Union shall apply the exchange rate applicable on the last day of the taxation period on the VAT return referred to in paragraph 1 of this Article. Conversion shall be performed according to the exchange rate published by the European Central Bank for that day or, if the exchange rate is not published that day, for the day of the next exchange rate publication.

6.2.5 VAT payment



Article 123

The taxable person referred to in Article 120 paragraph 1 of this Act shall pay VAT when submitting a VAT return for a special scheme, referring to the appropriate reference number of a VAT return for a special scheme, and no later than the time limit for submitting that return. Payment shall be made in HRK to a payment account prescribed in special regulation.

6.2.6 The right to input tax deduction

Article 124

(1) A taxable person who applies a special scheme for telecommunication services, radio and television broadcasting services or electronically supplied services, and who does not have headquarters in the European Union shall not have the right to a input tax deduction under the provisions of Article 58 of this Act or Article 168 of Council Directive 2006/112/EC.

(2) The taxable person referred to in paragraph 1 of this Article shall have the right to VAT refund under the provisions of Article 67 of this Act or Article 2 paragraph 1 of the Thirteenth Council Directive 86/560/EEC, and the reciprocity condition shall not apply in that case.

6.2.7 Keeping records and storing information

Article 125

The taxable person referred to in Article 120 paragraph 1 of this Act shall keep records on transactions covered by this special scheme in order to enable the tax authority of the Member State of consumption to verify the correctness of the VAT return for the special scheme. Upon request, that documentation shall be made available to the Tax Administration of the Republic of Croatia and to the tax authority of the Member State of consumption. The taxable person shall keep the information for 10 years from the end of the year when transactions were carried out.

6.3 Special scheme for telecommunication services, services of radio and television broadcasting and electronically supplied services supplied by taxable persons established in the European Union but without headquarters in the Member State of consumption

Article 125a

(1) With regard to Articles 125b to 125h of this Act, certain terms shall have the following meaning:

1. A "taxable person without headquarters at the Member State of consumption" shall mean a taxable person who has headquarters, a permanent establishment, a permanent or habitual residence on the territory of the European Union, but who has no headquarters, a permanent establishment or permanent or habitual residence at the territory of the Member State of consumption,

2. The "Member State of application" shall refer to a Member State in which a taxable person has headquarters or permanent or habitual residence, and if he does not have headquarters, or permanent or habitual residence on the territory of the European Union, a Member State in which he has a permanent establishment.

(2) If a taxable person does not have headquarters, or permanent or habitual residence on the territory of the European Union, but has more than one permanent establishments in the European Union, the Member State of application shall be the Member State with the permanent establishment which the taxable person chooses as the Member State in which the special scheme shall be applied, and that decision shall oblige him to the application of the special taxation period in the current calendar year and during the following two calendar years.



6.3.1 Application of special procedure

Article 125b

The special procedure for telecommunication services, radio and television broadcasting services and electronically supplied services shall apply to any such services supplied on the territory of the European Union by a taxable person without headquarters in the Member State of consumption to persons who are not taxable persons and who have headquarters, or permanent or habitual residence in the Member State of consumption.

6.3.2 Application to the Tax Administration for the application of the special scheme

Article 125c

(1) A taxable person without headquarters in the Member State of consumption who applied for the application of a special scheme in the Republic of Croatia, shall electronically report the beginning and end of his activity within the special scheme or the change in that activity such that he does no longer fulfils the conditions for the application of a special scheme to the Tax Administration.

(2) The taxable person referred to in paragraph 1 of this Article shall use the VAT identification number referred to in Article 77 of this Act for the application of the special scheme.

6.3.3 Deregistration

Article 125d

The Tax Administration shall remove the taxable person referred to in Article 125c paragraph 1 of this Act from the records of taxable persons who apply a special scheme in any of the following cases:

- a) If he submits a notice that he no longer supplies telecommunication services, radio and television broadcasting services and electronically supplied services,
- b) If it can be assumed in any other way that his taxable activity ended,
- c) If he no longer fulfils the conditions for the application of a special scheme,
- d) If he does not act in accordance with the provisions of the special scheme.

6.3.4 Submission of a VAT return for a special scheme

Article 125e

(1) The taxable person referred to in Article 125c paragraph 1 of this Act shall submit a VAT return for a special scheme to the Tax Administration for each calendar quarter within 20 days from the end of the taxation period to which the return refers, regardless of whether he supplied telecommunication services, radio and television broadcasting services or electronically supplied services in that period. VAT return for a special scheme shall be submitted electronically.

(2) In the VAT return referred to in paragraph 1 of this Article, the taxable person shall note his VAT identification number referred to in Article 77 of this Act and, for each Member State of consumption in which he has to pay VAT, the total value of performed services referred to in Article 26 of this Act in the taxation period without VAT, the total amount of relevant VAT per rates, the VAT rates that are applied and the total amount of VAT to be paid.

(3) If the taxable person referred to in Article 125c paragraph 1 of this Act, along with a permanent establishment on the home territory, has several permanent establishments in Member States from where he supplies services, in addition to

the information referred to in paragraph 2 of this Article, he shall also provide the total value of performed services referred to in Article 26 of this Act for each Member State in which he has a permanent establishment in the VAT return for a special scheme, together with the VAT identification number or other appropriate tax number of the permanent establishment for each Member State of consumption.

(4) The amounts in the VAT return referred to in paragraph 1 of this Article shall be expressed in HRK. If supplies were carried out in other currencies, the taxable person referred to in Article 125c paragraph 1 of this Act shall apply the exchange rate applicable on the last day of the taxation period. Conversion shall be performed according to the exchange rate published by the European Central Bank for that day or, if the exchange rate is not published that day, for the day of the next exchange rate publication.

6.3.5 VAT payment

Article 125f

The taxable person referred to in Article 125c paragraph 1 of this Act shall pay VAT when submitting a VAT return for a special scheme, referring to the appropriate reference number of a VAT return for a special scheme, and no later than the time limit for submitting that return. Payment shall be made in HRK to a payment account prescribed in special regulation.

6.3.6 The right to input tax deduction

Article 125g

(1) A taxable person who applies a special scheme for telecommunication services, radio and television broadcasting services or electronically supplied services, and who does have headquarters in the European Union, but not in the Member State of Consumption, shall not have the right to a input tax deduction under the provisions of Article 58 of this Act or Article 168 of Council Directive 2006/112/EC.

(2) The taxable person referred to in paragraph 1 of this Article may, in the Member State of consumption, claim VAT refund in accordance with Article 2 paragraph 1 and Article 3 of the Council Directive 2008/9/EC.

(3) If the taxable person referred to in paragraph 1 of this Article applies a special scheme, and also, in the Member State of consumption, performs supply not covered by the special procedure in relation to which he is obliged to register for VAT purposes in that Member State, he shall have the right to input tax deduction for supply covered by the special procedure in accordance with the provisions of Article 58 of this Act or Article 168 of the Council Directive 2006/112/EC on the basis of the VAT return referred to in Article 85 of this Act or Article 250 of the Council Directive 2006/112/EC.

6.3.7 Keeping records and storing information

Article 125h

The taxable person referred to in Article 125c paragraph 1 of this Act shall keep records on transactions covered by this special scheme in order to enable the tax authority of the Member State of consumption to verify the accuracy of the VAT return. Upon request, that documentation shall be made available to the Tax Administration of the Republic of Croatia and to the tax authority of the Member State of consumption. The taxable person shall keep the information for 10 years from the end of the year when transactions were carried out.

7 Taxation procedure according to charged fees

Article 125i

(1) A taxable person with headquarters, a permanent establishment, permanent or habitual residence on the home territory whose value of goods and services supply in the previous calendar year did not exceed HRK 3,000,000.00 without VAT may calculate and pay VAT on the basis of charged fees for performed supply.



(2) The value of supply referred to in paragraph 1 of this Article shall refer to the value of supply referred to in Article 90 paragraphs 5 and 6 of this Act.

(3) By way of derogation from Article 30 of this Act, the obligation to calculate VAT for a taxable person who applies the taxation procedure according to charged fees shall arise on the day of payment receipt.

(4) By way of derogation from Article 57 of this Act, the taxable person who applies the taxation procedure according to charged fees shall have the right to input tax deduction at the moment when he paid the invoice to the supplier for supplied goods or performed services.

(5) The taxable person who applies the taxation procedure according to charged fees shall note "calculation according to charged fees" in the invoice.

Article 125j

VAT calculation under the taxation procedure according to charged fees shall not apply for:

- a) The supply of goods within the European Union,
- b) The acquisition of goods within the European Union,
- c) The supply or transfer of goods referred to in Article 30 paragraphs 8 and 9 of this Act,
- d) Services referred to in Article 17 paragraph 1 of this Act, for which the service recipient is liable to pay VAT in accordance with Article 75 paragraph 1 item 6 of this Act or Article 196 of the Directive 2006/112/EC,
- e) The supply for which the recipient is liable to pay VAT under Article 75 paragraph 1 item 7 and Article 75 paragraphs 2 and 3 of this Act and in the cause referred to in Article 7 paragraph 9 of this Act,
- f) Supply within the special scheme for telecommunication services, radio and television broadcasting services or electronically supplied services to persons who are not taxable persons,
- g) The import of goods,
- h) The export of goods.

Article 125k

(1) The taxable person referred to in Article 125i paragraph 1 of this act who wishes to apply the taxation procedure according to charged fees shall, no later than at the end of the current calendar year, submit a written statement to the competent Tax Administration office above the beginning of the taxation procedure according to charged fees.

(2) The taxable person who submits the statement on the application of the taxation procedure according to charged fees referred to in paragraph 1 of this article may apply that procedure from 1 January of the following calendar year and shall thus be obliged to apply the procedure for a period of three years. If a taxable person, whose value of goods and services supply in the previous calendar year did not exceed HRK 3,000,000.00, does not notify the competent Tax Administration office of the change in the manner of calculating VAT within the time limit referred to in paragraph 1 of this Article shall be deemed as still applying the taxation procedure according to charged fees.

(3) The taxable person who applies the taxation procedure according to charged fees shall ensure all the information necessary to determine and pay VAT.

(4) If the competent Tax Administration office finds that the information given by the taxable person in the statement referred to in paragraph 1 of this Article was not correct, the office may prohibit the taxable person from applying the taxation procedure according to charged fees and shall issue a decision thereof, whereby an appeal shall not delay the execution of that decision.

(5) The taxable person who applied the taxation procedure according to charged fees shall, in the VAT return for the first taxation period after the transfer to VAT calculation according to performed supply, list all of the performed but uncharged supply prior to the change in the manner of calculating VAT as charged and shall have the right to deduct VAT contained in received supply he did not pay prior to the change in the manner of VAT calculation.



(6) The taxable person referred to in paragraph 5 of this Article shall submit to the competent Tax Administration office, as a supplement to the VAT return for the first taxation period after the change to VAT calculation according to performed supply, the list of all issued but uncollected invoices and all received but unpaid invoices prior to the change in the manner of VAT calculation.

(7) The Minister of Finance shall prescribe detailed provisions on the application of the taxation procedure according to charged fees.

XVI TAX REPRESENTATIVE

Article 126

(1) If a taxable person without headquarters on the home territory but established in another Member State shall be liable to pay VAT under Article 75 of this Act, the taxable person may appoint a tax representative as the person liable to pay VAT.

(2) If a taxable person without headquarters on the home territory or on the territory of the European Union, but established in a third country or a third territory, is liable to pay VAT under Article 75 of this Act, the taxable person shall appoint a tax representative as the person who is liable to pay VAT unless the Republic of Croatia concluded agreements on international assistance whose scope is similar to those prescribed by the Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ L 84, 31.3.2010) and Council Regulation (EU) no. 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (OJ L 268, 12.10.2010). The taxable person referred to in this paragraph shall not be obliged to appoint a tax representative in the event when that taxable person supplies services under a special scheme for telecommunication services, radio and television broadcasting services or electronically supplied services referred to in Article 119a of this Act and when he performs exclusively occasional international road transport of passengers on the territory of the Republic of Croatia.

(3) Taxpayers referred to in this Article shall be taxable persons with headquarters or permanent or habitual residence on the home territory.

(4) A tax representative shall be liable for VAT payment as a guarantor.

(5) The Minister of Finance shall lay down, by virtue of an ordinance, the implementation of this Article with regard to tax representatives.

XVII RESPONSIBILITY

Article 127

(1) The taxable person who, on home territory, performs the supply of goods and services with the right to input tax deduction shall be deemed responsible if objective circumstances show that he knew or ought to have known that a part or the full VAT amount related to the supply performed for him, or to any previous or subsequent supply of the same goods or services, will remain unpaid due to fraudulent activities.

(2) If, in accordance with paragraph 1 of this Article, the taxable person is found to be responsible, the right to input tax shall be denied to the taxable person.

(3) If the Tax Administration suspects that a supply of goods and services is part of transactions intended to fraudulently avoid payment of VAT, the Tax Administration shall notify the taxable person who participates in such transactions of his responsibility in accordance with paragraph 1 of this Article. From the day of receipt of such a notice, the Tax Administration may deem that the taxable person knew or ought to have known that, with such transactions, he is participating in transactions intended to avoid payment of VAT.

Article 127a



The taxable person for whom a supply of goods or services is performed on the home territory shall be liable for VAT payment as a guarantor when he does not pay the taxable person who performed the supply for him at least the amount of VAT calculated on the invoice within the time limit prescribed by a special regulation on financial operations from the date of invoicing.

XVIII TAX AUDIT

Article 128

- (1) The implementation of this Act shall be supervised by the Ministry of Finance, the Tax Administration and the Customs Administration.
- (2) The Ministry of Finance, Tax Administration may prohibit further operation by decision for a taxable person who does not calculate or pay VAT within the legally prescribed time limit.
- (3) The prohibition of operation may last until payment of accrued liabilities has been made.
- (4) An appeal against the decision referred to in paragraph 2 of this Act shall not stay the execution of the decision.
- (5) The prohibition referred to in paragraph 2 of this Article shall be executed by sealing the business premises where the taxable person carries out his business activity as well as by sealing the equipment and assets used for work.

XIX REMEDIES

Article 129

- (1) The provisions of the General Tax Act shall apply with regard to appeal proceedings, prescription, calculation, collection and refund of VAT. The provisions of the Misdemeanour Act shall apply with regard to misdemeanour proceedings.
- (2) The customs office responsible for carrying out the customs procedure shall carry out procedures referred to in paragraph 1 of this Article with regard to import debt in accordance with the provisions of customs regulations.

XX MISDEMEANOUR PROVISIONS

Article 130

- (1) A fine for misdemeanour in the amount of HRK 1,000.00 to HRK 200,000.00 shall be imposed on a taxable person if he:
 1. As a person who acquires new means of transport fails to calculate VAT (Article 75 paragraph 1 item 4 and Article 76 paragraph 6),
 2. Fails to calculate VAT in case of reverse charge (Article 75 paragraph 1 items 6 and 7 and Article 75 paragraph 2 and 3),
 3. Fails to report or fails to report in the prescribed time limit any change in or termination of his activity as a taxable person or if he fails to submit a request for a VAT identification number (Article 77),
 4. Fails to include all of the prescribed information in an invoice (Article 79),
 5. The amount of VAT in an invoice is not expressed in HRK (Article 81),
 6. Fails to notify the competent Tax Administration office that he will store the received and issued invoices outside the



territory of the Republic of Croatia (Article 82 paragraph 3),

7. Begins to apply the margin scheme in special cases and fails to notify or fails to notify within the prescribe time limit the competent Tax Administration office (Article 97 paragraph 3),

8. Fails to list the goods stock for which the VAT rate is changed (Article 135).

(2) A fine of HRK 500.00 to HRK 40,000.00 shall also be imposed on the responsible person at the legal person.

Article 131

(1) A fine for misdemeanour in the amount of HRK 2,000.00 to HRK 500,000.00 shall be imposed on a taxable person if he:

1. Incorrectly determines the taxable amount (Article 7 paragraph 10, Articles 33, 34, 35, 92 and 96 and Article 97 paragraph 5),

2. Fails to calculate VAT at the prescribed rate (Articles 37 and 38),

3. Uses the VAT exemption contrary to the provisions of this Act (Article 39 paragraphs 1, 2 and 3, Article 40 paragraphs 1 and 2, Articles 41, 42, Article 43 paragraphs 1 and 2, Article 44 paragraphs 1 and 2, Article 45 paragraphs 1, 2, 4, 5 and 6, Article 46, Article 47 paragraphs 1 and 2, Article 48 paragraph 1, Articles 49, 50, Article 51 paragraphs 1, 2 and 3, Article 52 paragraphs 1, 2 and 3, Articles 53 and 54),

4. Deducts input tax which cannot be deducted under this Act (Article 57 paragraph 2, Article 94, 101, 116 and Article 124 paragraph 1),

5. Fails to pay or fails to pay in the prescribed time limit the calculated and reported VAT amount on the prescribed payment account (Article 76),

6. Fails to issue an invoice or fails to issue it in the prescribed time limit (Article 78 paragraphs 1, 2 and 4),

7. An invoice is issued by a recipient who does not fulfil the conditions for invoicing (Article 78 paragraph 6),

8. Fails to store invoices and other documentation for the prescribed period (Article 82 paragraphs 1, 4 and 5),

9. Does not provide all information related to calculating and paying VAT in his bookkeeping (Article 83),

10. Fails to submit or fails to submit in a prescribed time limit the VAT return and the report on home territory supplies with reverse charge to the competent Tax Administration office (Article 85 paragraphs 6 and 10),

11. The taxable person fails to perform all adjustments and corrections in the VAT return submitted for the last taxation period of a calendar year or the last taxation period in which he carried out business activities (Article 85 paragraph 7),

12. Fails to report all of the prescribed information in a VAT return (Article 85 paragraphs 1 and 2),

13. Fails to submit or fails to submit in the prescribed time limit the report on the acquisition of goods and received services from other European Union Member States or fails to provide all of the prescribed information (Article 86),

14. Fails to submit or fails to submit within the time limit the report for the supply of acquisition of new means of transport or if he fails to provide the value of supply or acquisition of new means of transport (Article 87),

15. Fails to submit a Recapitulative Statement or fails to submit it in the prescribed time limit or fails to provide all of the prescribed information (Articles 88 and 89),

16. Calculates VAT according to a special scheme and acts only as a mediator (Article 91 paragraph 1),

17. As a reseller, simultaneously applies the regular VAT taxation procedure and a special margin scheme, and fails to keep or incorrectly keeps special records for each of the procedures (Article 102),

18. Provides a VAT amount on an invoice for supplied goods that are subject to a special margin scheme (Article 103),

19. As a public auction sale organizer, fails to provide the prescribed information in his records (Article 110),



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20. As a public auction sale organizer, fails to provide the prescribed information or separately provides a VAT amount in an invoice (Article 111),
21. Fails to issue invoices and/or keep records of transactions with investment gold or fails to keep the necessary information for the prescribed time period (Article 117),
22. Fails to submit a report with regard to special procedures or fails to submit it in the prescribed time limit (Article 122 paragraph 1 and Article 125e paragraph 1),
23. Fails to pay or fails to pay in the prescribed period the calculated and reported VAT for special procedures in HRK to the payment account prescribed by a special regulation (Articles 123 and 125f),
24. Fails to keep records on transaction within special schemes or if he fails to make them available upon request of the Tax Administration of the Republic of Croatia and the tax authority of the Member State of consumption or fails to keep them for the prescribed period (Articles 125 and 125h),
25. Fails to keep records on the taxation procedure according to charged fees and if he fails to calculate and pay VAT in the prescribed manner (Articles 125i, 125j and 125k),
26. As a taxable person, fails to pay VAT as a guarantor (Article 126 paragraph 4),
27. Fails to submit or fails to submit in the prescribed time limit the report for the supply to other European Union Member States of previously imported goods within the procedures 42 and 63 and if he fails to provide all the necessary information in it (Article 44 paragraph 3),
28. Fails to submit or fails to submit in the prescribed time limit the report for the supply of goods and services referred to in Article 75 paragraph 2 of the Act or if he fails to provide all the necessary information in it (Article 85 paragraph 10).
- (2) A fine of HRK 1,000.00 to HRK 50,000.00 shall also be imposed on the responsible person at the legal person.

XXI TRANSITIONAL AND FINAL PROVISIONS

Article 132

Taxpayer who acquired personal cars and other means of personal transport of the taxable person, business, management and other employees by 31 December 2009, who used the right to input tax deduction and who calculated and paid VAT on 30 % of the amortization cost for an amount up to HRK 400,000.00 of the purchase value of those means, or on 100 % of the amortisation cost for an amount exceeding HRK 400,000.00 of purchase value, shall be obliged to continue to calculate and pay VAT for own consumption at 30 % or 100 % of the amortisation cost until the expiry of the amortisation period, or until the moment of sale, gifting, other alienation or destruction of those means.

Article 133

Requests for VAT refund to foreign taxable persons that refer to a period to be refunded prior to Croatia's accession to the European Union shall be treated under the provisions of the Value Added Tax Act that was in force prior to the entry into force of this Act.

Article 134

On the date of entry into force of provisions on the VAT rate change, taxable persons shall list the stocks of goods for which VAT rate changes.

Article 135

(1) VAT shall not be paid for real estate that was built (finished – completed), supplied or paid for by 31 December 1997 and for which real estate transfer tax shall be paid within the meaning of Article 25 of the Real Estate Transfer Tax Act.

(2) VAT shall not be paid for the supply of agricultural land and construction land without or without a building.



Article 136

Taxpayers who, according to the available Tax Administration data, perform transactions with foreign taxable persons on the date of entry into force of this Act shall be assigned a VAT identification number referred to in Article 77 paragraph 6 of this Act by the Tax Administration or the number shall be assigned upon a submitted request by a taxable person. An appeal to the decision may be submitted within 15 days from the receipt of the decision.

Article 137

(1) The provisions of the Value Added Tax Act which were in force at the time when the goods were subjected to procedures of temporary import with full exemption from import customs duty or to one of the procedures referred to in article 51 paragraph 1 of this Act, or similar procedures, shall also apply after Croatia's accession to the European Union until those procedures cease to apply to those goods, if the following conditions have been fulfilled:

- a) Those goods were entered into the European Union or the Republic of Croatia prior to the date of accession to the European Union,
- b) Those goods were subjected to those procedures on entry into the European Union or the Republic of Croatia,
- c) Those procedures did not cease to apply to those goods prior to the date of Croatia's accession to the European Union.

(2) The provisions that were in force at the time when the goods were subjected to customs transit procedures shall also apply after the date of Croatia's accession to the European Union until that procedure ceases to apply to those goods, if the following conditions have been fulfilled:

- a) Those goods were subjected to the customs transit procedure prior to the date of Croatia's accession to the European Union,
- b) Those procedures did not cease to apply to those goods prior to the date of accession to the European Union.

(3) If the goods are found to had been in free circulation in the Republic of Croatia or on the territory of the European Union, the following shall constitute import of those goods:

- a) Removal, including the irregular removal of goods from the temporary import procedure they were subjected to prior to the date of accession to the European Union under the conditions referred to in paragraph 1 of this Article,
- b) Removal, including the irregular removal of goods from the procedures referred to in Article 51 paragraph 1 of this Act or similar procedures to which they were subjected prior to the date of Croatia's accession to the European Union, the conditions referred to in paragraph 1 of this Article,
- c) Cessation of any procedures referred to in paragraph 2 of this Article which started on the territory of the Republic of Croatia prior to the date of accession to the European Union, for the purposes of goods supply for consideration performed a by a taxable person who acts as such prior to that date on the territory of the Republic of Croatia,
- d) Any irregularity or misdemeanour committed during the customs transit procedure which started under the conditions referred to in item c) of this paragraph.

(4) In addition to the cases referred to in paragraph 3 of this Article, the import of goods shall also include the use of goods that a taxable person or a non-taxable person received, or that were supplied to him on the territory of the Republic of Croatia or on the territory of the European Union prior to the date of Croatia's accession to the European Union, and who uses those goods in the Republic of Croatia after the date of accession to the European Union, if the following conditions are fulfilled:

- a) The supply of those goods was VAT exempt or could have been exempt under Article 45 paragraph 1 items 1 and 2 of this Act,
- b) Those goods were into imported in the European Union or the Republic of Croatia prior to the date of accession.

(5) In cases referred to in paragraph 3 of this Article, the place of supply within the meaning of Article 28 paragraph 2 of this Act shall be Member State on the territory on which the procedures to which the goods referred to in paragraph 3 of

this Article were subjected prior to the date of Croatia's accession to the European union cease to apply.

(6) By way of derogation from the provisions of Article 32 paragraphs 2, 3 and 4 of this Act, the import of goods within the meaning of paragraphs 3 and 4 of this Article shall not be deemed a chargeable event if one of the following conditions is fulfilled:

- a) Imported goods have been dispatched or transported outside the European Union,
- b) The imported goods within the meaning of paragraph 3 item a) of this Article are not means of transport and have been dispatched back or transported to the Member State from which they were exported and to the person who exported them,
- c) The imported goods are, within the meaning of paragraph 3 item a) of this Article, means of transport that were acquired or imported prior to the date of Croatia's accession to the European Union, in accordance with the general taxation conditions applicable on the home territory or one of the European Union Member states and for which, based on their export, no VAT exemption or VAT refund is approved.

(7) The condition referred to in paragraph 6 item c) of this Article shall be deemed as fulfilled in the following cases:

- a) If the date of first use of a means of transport was more than eight years prior to the date of Croatia's accession to the European Union,
- b) If the amount of VAT to be paid on import was less than HRK 160.00.

Article 138

(1) To VAT liabilities that arose prior to the date of entry into force of this Act, with regard to their determination, collection and refund, the provisions of the Value Added Tax Act that was in force until the entry into force of this Act shall apply.

(2) Taxpayers who cease to be VAT taxable persons on the date of entry into force of this Act shall, within two months of the date of entry into force of this Act, submit the final VAT calculation to the competent Tax Administration office.

(3) The taxable persons who, on the date of entry into force of this Act, become VAT taxable persons shall submit a request for registry into the VAT taxable person registry to the competent Tax Administration office within 15 days from the date of entry into force of this Act if they archived the supply value greater than the amount prescribed in Article 90 paragraph 1 of this Act in the previous calendar year.

Article 139

(1) A taxable person who is a payer of income tax may calculate VAT on the basis of received or collected fee for supplied goods and performed services. The aforementioned shall not apply to the supply of goods within the European Union, to the acquisition of goods within the European Union, to the supply or transfer of goods referred to in Article 30 paragraphs 8 and 9 of this Act, to the services referred to in article 17 paragraph 1 of this Act and supply of goods, for which the recipient is obliged to pay VAT under Article 75 paragraph 1 item 6 and Article 75 paragraphs 2 and 3 of this Act and in the case referred to in Article 7 paragraph 9 of this Act.

(2) The taxable person referred to in paragraph 1 of this Article shall have the right to input tax deduction at the moment when he paid the invoice to the supplier for supplied goods or performed services.

(3) The taxable person referred to in paragraph 1 of this Article shall note "calculation according to charged fee" in the invoice.

(4) The provisions of this Article shall apply until 31 December 2014.

Article 140

(1) The Minister of Finance shall adopt the ordinance referred to in Article 4 paragraph 5, Article 6 paragraph 6, Article 7 paragraph 11, Article 8 paragraph 5, Article 9 paragraph 5, Article 10 paragraph 6, Article 17 paragraph 3, Article 30 paragraph 11, Article 33 paragraph 11, Article 35 paragraph 6, Article 38 paragraph 4, Article 39 paragraph 4, Article 40 paragraph 5, Article 43 paragraph 3, Article 44 paragraph 3, Article 45 paragraph 7, Article 47 paragraph 3, Article 48



paragraph 2, Article 51 paragraph 4, Article 52 paragraph 4, Article 59 paragraph 3, Article 60 paragraph 3, Article 61 paragraph 3, Article 62 paragraph 10, Article 63 paragraph 4, Article 64 paragraph 5, Article 67 paragraph 11, Article 74 paragraph 5, Article 75 paragraph 5, Article 77 paragraph 8, Article 78 paragraph 12, Article 80 paragraph 6, Article 83 paragraph 7, Article 85 paragraph 9, Article 86 paragraph 3, Article 87 paragraph 3, Article 88 paragraph 6, Article 90 paragraph 7, Article 91 paragraph 4, Article 95 paragraph 6, Article 102 paragraph 2, Article 115 paragraph 5 and Article 126 paragraph 5 of this Act within three months from the date of entry of this Act into force.

(2) The Minister of Finance shall adopt the ordinance referred to in Article 76 paragraph 10 of this Act within four months from the date of Croatia's accession to the European Union.

Article 141

On the date of accession of the Republic of Croatia to the European Union, the provisions of Article 17 of the Legal Status of Religious Communities Act ("Official Gazette" no. 83/02) in the part that prescribes VAT exemption shall cease to be valid.

Article 142

(1) On the date of accession of the Republic of Croatia to the European Union, the Added Value Tax Act ("Official Gazette" nos. 47/95, 106/96, 164/98, 105/99, 54/00, 73/00, 127/00, 48/04, 82/04, 90/05, 76/07, 87/09, 94/09, 22/12 and 136/12) shall cease to be valid.

(2) On the date of accession of the Republic of Croatia to the European Union, the Value Added Tax Ordinance ("Official Gazette" nos. 149/09, 89/11, 29/12, 64/12 and 146/12) shall cease to be valid.

Article 143

(1) This Act shall enter into force on the eighth day from the date of publication in the "Official Gazette", except for Articles 1 to 39, Article 40 paragraph 1 items a), b), c), d), e), f), g), h), i) and l) and paragraphs 2, 3 and 5, Article 41 to 74, Article 75 paragraphs 1, 2, paragraph 3 items a), b), d) and e) and paragraphs 4 and 5, Articles 76. to 135, Articles 137 to 139, Article 140 paragraph 2, Article 141 and Article 142. which enter into force on the date of accession of the Republic of Croatia to the European Union.

(2) Article 40 paragraph 1 items j) and k) and paragraph 4, as well as Article 75 paragraph 3 item c) of this Act shall enter into force on 1 January 2015.

(3) Article 135 of this Act shall cease to be valid on 1 January 2015.

ANNEX I

LIST OF ACTIVITIES REFERRED TO IN ARTICLE 6 PARAGRAPH 5 OF THIS ACT

1. Telecommunication services,
2. Supply of water, gas, electricity and heating,
3. Transport of goods,
4. Harbour services and airport services,
5. Passenger transport,
6. Supply of new goods produces for sale,
7. Transactions related to agricultural products performed by agricultural intervention agencies in accordance with the regulations governing the common organization of markets of such products,
8. Organization of trade fairs and exhibitions,



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9. Storage,
10. Activities of legal persons who engage in commercial advertising,
11. Activities of travel agencies,
12. Managing shops for the purposes of staff, cooperatives, industrial canteens and the like.

ANNEX II

LIST OF GOODS PLACED IN STORAGE REFERRED TO IN ARTICLE 52 OF THIS ACT

CN code	Description of goods
1. 0701	Potatoes
2. 0711 20	Olives
3. 0801	Coconuts, Brazil nuts and cashew nuts
4. 0802	Other nuts
5. 0901 11 00	Coffee, not roasted
0901 12 00	
6. 0902	Tea
7. 1001 to 1005	Cereals
1007 to 1008	
8. 1006	Husked rice
9. 1201 to 1207	Grains and oil seeds (including soy) and oleaginous fruits
10. 1507 to 1515	Vegetable oils and fats and their by-products, crude or refined, but not chemically modified
11. 1701 11	Raw sugar
1701 12	
12. 1801	Cocoa beans, whole or broken, raw or roasted
13. 2709	Mineral oils (including propane and butane; and including crude petroleum oils)
2710	
2711 12	
2711 13	
2711 14	
2711 19	
14. Chapters 28 and 29	Chemical products in bulk
15. 4001	Rubber in primary forms or in plates, sheets or strip
4002	
16. 5101	Wool
17. 7106	Silver
18. 7110 11 00	Platinum (palladium, rhodium)
7110 21 00	
7110 31 00	
19. 7402	Copper
7403	
7405	
7408	
20. 7502	Nickel
21. 7601	Aluminium
22. 7801	Lead
23. 7901	Zinc
24. 8001	Tin
25. former 8112 92	Indium
former 8112 99	

ANNEX III



LIST OF GOODS SUBJECT TO THE SPECIAL MARGIN SCHEME REFERRED TO IN ARTICLE 95 OF THIS ACT

PART A

Works of art

1. Paintings, drawings and pastels, collages and similar decorative plaques, executed entirely by hand, other than plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, hand-painted or hand-decorated manufactured article, theatre decorations, studio backcloths or the like out of dyed fabric (tariff code CN 9701),
2. Original engravings, prints and lithographs, if it is a limited number of impressions of one or several plates wholly executed by hand by the artist in black and white or in colour, irrespective of the process or of the material employed by him, but not including any mechanical or photomechanical process (tariff code CN 9702 00 00),
3. Original sculptures and statuary, in any material, if wholly executed by the artist; sculpture casts whose manufacture is limited to eight copies and is entirely controlled by the artist or his successors (tariff code CN 9703 00 00);
4. tapestries (tariff code CN 5805 00 00) and textile wallcoverings (tariff code CN 6304 00 00), executed by hand according to the artist's original drawings, provided that there are no more than eight copies of each,
5. Original ceramic items wholly executed by the artist and with his signature,
6. Copper enamelled items, wholly executed by hand, whose number is limited to eight numbered copies with the artist's signature or the studio's name, except products of jewellery shops (precious stones, jewellery), gold and silver shops,
7. Artistic photographs taken by the artist and developed by him or someone under his supervision, signed and numbered, with no more than 30 copies of all sizes and frames.

PART B

Collections

1. Postage or revenue stamps, stamp-postmarks, first-day covers, postal stationery (stamped paper), and the like, used or, if unused, not currently in circulation nor intended for circulation (tariff code CN 9704 00 00),
2. Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest (tariff code CN 9705 00 00).

PART C

Antiques

Items, with the exception of works of art and collectors' pieces, of an age exceeding 100 years (tariff code CN 9706 00 00).

ANNEX IV

LIST OF MACHINERY AND EQUIPMENT REFERRED TO IN ARTICLE 76 PARAGRAPH 8 OF THIS ACT

1) Machinery or equipment which is categorized, in the basis of general rules for the application of Combined Nomenclature, into one of the tariff codes of section XVI comprised of the following:

- a) CHAPTER 84 – Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof,
- b) CHAPTER 85 – Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles.

2) Machinery or equipment which is categorized, in the basis of general rules for the application of Combined Nomenclature, under tariff codes 8608, 8802, 8805, 8905 or 8907:

- a) 8608 – Railway or tramway track fixtures and fittings; mechanical (including electromechanical) signalling, safety or traffic control equipment for railways, tramways, roads, inland waterways, parking facilities, port installations or airfields; parts of the foregoing,
- b) 8802 – Other aircraft (for example, helicopters, aeroplanes); spacecraft (including satellites) and suborbital and spacecraft launch vehicles,
- c) 8805 – Aircraft launching gear; deck-arrestor or similar gear; ground flying trainers; parts of the foregoing articles,
- d) 8905 – Light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function; floating docks; floating or submersible drilling or production platforms,
- e) 8907 – Other floating structures (for example, rafts, tanks, coffer-dams, landing stages, buoys and beacons).

Note, OG 148/13

ACT ON AMENDMENTS TO THE VALUE ADDED TAX ACT

Article 11

This Act shall enter into force on the eighth day after the day of its publication in the "Official Gazette", except for the provision of Article 2 paragraph 2 of this Act which shall enter into force on 1 January 2014.

Note, OG 143/14

Act on Amendments to the Value Added Tax Act

TRANSITIONAL AND FINAL PROVISIONS

Article 37

The taxable person shall submit the final VAT calculate for 2014 by the end of February 2015 to the competent Tax Administration office on the basis of his headquarters or permanent or habitual residence.

Article 38

The provisions of the Value Added Tax Act ("Official Gazette" nos. 73/13, 99/13, 148/13 and 153/13) shall apply to the supply of building items subject to VAT taxation for which agreements and other supply documents were concluded or for which final decisions by competent authorities were made by 31 December 2014.

Article 39

(1) Taxpayers with headquarters, a permanent establishment, a permanent or habitual residence on the home territory whose value of goods and services supply in 2014 did not exceed HRK 3,000,000.00 without VAT, who wish to start



applying the taxation procedure according to charged fees from 1 January 2015 shall submit a written statement thereof to the competent Tax Administration office by 20 January 2015.

(2) The taxable persons who calculated VAT according to charged fees until 31 December 2014 may submit a written statement to the competent Tax Administration office by 20 January 2015 that they wish to calculate VAT according to performed supply from 1 January 2015.

(3) If taxable persons referred to in paragraphs 1 and 2 of this Article fails to submit a written statement to the competent Tax Administration office on the change in the manner of VAT calculation by 20 January 2015, it shall be deemed that, from 1 January 2015, they apply the VAT calculation procedure that they applied in 2014.

Article 40

In the entire text of the Value Added Tax Act ("Official Gazette" nos. 73/13, 99/13, 148/13 and 153/13) the wording "calculation period" in any form shall be replaced by the wording "taxation period" in the corresponding form.

Article 41

This Act shall enter into force on the eighth day after the day of its publication in the "Official Gazette", except for the provisions of Article 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 15, 16, 17, 18, 19, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37, 38, 39 and 40 which enter into force on 1 January 2015.

Note, OG 115/16

Act on Amendments to the Value Added Tax Act

TRANSITIONAL AND FINAL PROVISIONS

Article 26

(1) Taxpayers who achieve the value of goods supply or performed services referred to in Article 90 paragraphs 5 and 6 of the Act greater than HRK 300,000.00 (without VAT) in 2017 shall be obliged enter into the registry of VAT taxable persons as of 1 January 2018.

(2) Taxpayers who fail to achieve the supply referred to in paragraph 1 of this Article with value greater than HRK 300,000.00 in 2017 shall be obliged to submit an application for removal from the VAT taxable person registry to the competent Tax Administration by 15 January 2018 and shall be obliged to request in that time limit that the provisions of Article 90 paragraph 3 of the Act not apply to them.

(3) Taxpayers who fail to achieve the supply referred to in paragraph 1 of this Article with value greater than HRK 300,000.00 in 2017 shall remain as taxable persons if they were entered into the VAT taxable person registry at their own request, and this shall oblige them to be subjected to the regular VAT taxation period for the following three calendar years.

(4) Taxpayers who have an issued decision obliging them to be entered into the VAT taxable person registry for the following five calendar years may request removal from the VAT taxable person registry if, in the previous calendar year, they failed to achieve the value of goods supply or performed services greater than the amount referred to in Article 90 paragraph 1 of this Act and if three calendar years have passed.

Article 27

VAT exemption shall apply to the supply of vessels intended for recreation, aircraft, personal cars and other means of personal transport for which input tax deduction was not possible under Article 61 paragraph 1 item a) of the Value Added Tax Act ("Official Gazette" nos. 73/13, 99/13, 148/13, 153/13 and 143/14) and which taxable persons acquire by 31 December 2017.

Article 28

In the event of VAT return to taxable persons from third countries, the procedures for determining reciprocity instituted by 31 December 2016 shall be implemented in accordance with the rules applicable until the entry into force of this Act.

Article 29

(1) The provisions of the Value Added Tax Ordinance ("Official Gazette" nos. 79/13, 85/13, 160/13, 35/14, 157/14 and



130/15) shall remain in force in the part not contrary to this Act.

(2) The Minister of Finance shall hereby be authorised to harmonise the Value Added Tax Ordinance ("Official Gazette" nos. 79/13, 85/13, 160/13, 35/14, 157/14 and 130/15) with the provisions of this Act within 90 days from the date of its entry into force.

Article 30

Within two years from the date of entry into force of this Act, the Ministry of Finance shall carry out a subsequent assessment of the effects of this Act.

Article 31

This Act shall be published in the "Official Gazette" and shall enter into force on 1 January 2017, except for the provisions of Article 1, paragraph 8 amending Article 40 paragraph 2 of the Value Added Tax Act ("Official Gazette" nos. 73/13, 99/13, 148/13, 153/13 and 143/14), of Article 11., Article 12, Article 16 amending Article 76 paragraph 8 of the Value Added Tax Act ("Official Gazette" nos. 73/13, 99/13, 148/13, 153/13 and 143/14), of Article 21 amending Article 90 paragraph 1 of the Value Added Tax Act ("Official Gazette" nos. 73/13, 99/13, 148/13, 153/13 and 143/14), of Article 26 paragraphs 1, 2 and 3 and Article 27 of this Act which enter into force on 1 January 2018, and of Articles 4 and 5 of this Act which enter into force on 1 January 2019.

Note: The transitional and final provisions of Article 26 paragraphs 1, 2 and 3 and Article 27 of the Act on Amendments to the Value Added Tax Act shall enter into force on 1 January 2018.