

# Measures taken by the Croatian Government due to coronavirus pandemic

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- 1** Introduction
- 2** Benefits and Financial Support
  - Ministry of Finance Measures
  - HBOR's Measures
  - Commercial Banks' Support Measures
  - Ministry of regional development and European Funds Measures
  - Ministry of Labour and Pension Fund's Measures
  - Ministry of Economy, Entrepreneurship and Crafts Measures
  - HAMAG-BICRO Measures
  - Grants for working capital
  - Ministry of Tourism

Ministry of Agriculture

Ministry of Culture

Ministry of Maritime Affairs, Transport and Infrastructure

- 3** Employment relationships
- 4** Grants for preserving workplaces in activities affected by the coronavirus pandemic
- 5** Establishment of FINA online portal for the application of economic measures

## CONTENT OVERVIEW



# Introduction



The Croatian Parliament has adopted **63 measures** to mitigate the effects of the virus corona pandemic. These measures are defined as the first phase of this process. Their implementation will be ensured through changes to the Regulations and by taking additional decisions if necessary.

The adopted measures are, first and foremost, related to **financial support, benefits**, and measures defining **employment relationships** during and after the crisis caused by the virus. Special emphasis was placed on assisting **the tourism, agricultural and cultural sectors**, and emergency procurement was announced for the purposes of the crisis.



# Benefits And Financial Support

**The Ministry of Finance** will be carrying out the following measures:

**Delay, repayment** in installments or **exemption** from tax liabilities.

**Interest free loans** to municipalities, cities and counties, Croatian Health Insurance Fund and Croatian Pension Insurance Fund up to the amount of personal income tax, surtax and contributions whose payment will be delayed and/or will be repaid in instalments.



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## Delay of paying tax liabilities

Starting 24th of March entrepreneurs whose economic activities are disturbed due to special circumstances may file a **request to delay the tax payments** to the Croatian Tax Authorities.

## Implementation

The Request shall be submitted through ePorezna system or through web form. On the date of submission, the taxpayer must provide:

- all tax returns filed; and
- all liabilities settled.



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## Delay of paying tax liabilities

Together with the Request, the taxpayer must prove the inability to pay taxes.

Namely, the taxpayer must enclose the data related to decrease in the turnover of the previous month for **at least 20%** in comparison to the same month last year or explain why the decline in turnover is expected in the following three months for at least 20%.

## Implementation



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## Delay of paying tax liabilities

- Following the submission of the Request, the Tax Authorities will inform the taxpayer if their Request was accepted.
- Despite the accepted Request, the taxpayer is still obliged to submit all tax returns within legal deadline; however, Tax Authorities will delay taxpayers' payment for three months.
- If upon maturity of first delayed liability, the taxpayer is still not able to settle the tax liabilities, he can submit an additional **Request for payment in instalments.**

## Implementation



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## Exemption of paying tax liabilities

Exemption is applicable to entrepreneurs whose business activities are during special circumstances banned, disabled or significantly impeded by decisions of the competent authority and have a decrease in income of at least 50% in the period from 20 March 2020 to 20 June 2020 comparing to the same period previous year.

### **If the taxpayer:**

- had income/receipts less than HRK 7,5 million in 2019, full exemption on tax payments due; and
- Had income/receipts more than HRK 7,5 million in 2019, partial exemption on tax payments due proportionate to the the decline in income compared to the same period of the previous year.

The exemption is not applicable on: VAT, excise duties, custom duties, contributions for pillar II of mandatory pension insurance, taxes and surtax on final income, fees and charges on games of chance, liabilities based on previously concluded administrative agreements and rescheduled liabilities from pre-bankruptcy and bankruptcy proceedings.

The application is submitted through system ePorezna.

## Delay of VAT and other tax measures

Taxpayers shall pay VAT liability on a cash basis and input VAT can be recovered on paid invoices.

Implementation of deferral:

- Determine the VAT liability based on issued invoices and report it on position II. of VAT return;
- Determine input VAT based on received invoices and report it on position III. of VAT return;
- Declare the VAT liability on position IV. Of VAT return;
- Determine VAT liability on cash basis;
- Report the difference of VAT assessed on cash basis on position VIII.2.– **Otuđenje/stjecanje gospodarske cjeline ili pogona.**

## For which period can VAT liability be deferred?

- March VAT return due by 30 April 2020;
- April VAT return due by 31 May 2020; and
- First quarter (1-3) due by 30 April 2020.

If special circumstances will last longer, deferral can be extended for another three months, that is, for May, June and July and for second quarter (4-6).

During the tax deferral period, the Tax Administration will not charge interest rates.

After tax deferral period, taxpayers will need to settle delayed VAT liability in total!

## VAT on donations and imports

- Donations of goods and services for the purpose of mitigation of adverse COVID-19 effects will be VAT exempt;
- Import of goods for the purpose of mitigation of adverse COVID-19 effects will be exempt of customs and import VAT;
- On import VAT reverse charge mechanism applies; and
- Mentioned exemptions apply to goods imported or donated by 20 June 2020.

### Exceptionally:

- Taxpayers who are receiving income from renting accommodation to tourist and are paying personal income tax in lump sum will be exempted from ¼ of annual income tax without filing application.
- Taxpayers who have not filed an application for delay of payment and have business disruption more than 50%, can file the same by 20 June 2020.




## Tax treatment of compensation for transport costs in special circumstances

The Tax Authorities have published on their website a news regarding the tax treatment of compensation for transport costs in special circumstances:

„...Taking into consideration special circumstances, we are of the opinion that during the same, and when the public transport is not available to employees, and previously they were provided with monthly or annual transportation compensation which was recognized as non-taxable (up to the amount of actual price of the transportation or publicly available price lists) and when:

- the employee is using taxi services for going to and from work, the taxi reimbursement can be recognized as non-taxable in addition to already provided monthly or annual transportation compensation; and
- the employee is using private car for going to and from work, the employer can pay a non-taxable fee for using private car up to 2 HRK per km in addition to already provided monthly or annual transportation compensation.”


Through the adopted measures the **Croatian Bank for Reconstruction and Development (HBOR)** is helping its clients maintain their liquidity



A **moratorium** is being introduced on clients' credit obligations under existing placements.

The existing loans of HBORs clients will have the possibility of **reprogramming** with an introduction of grace period for repaying the loan principal.

For financing wages, utility costs and other operating expenses, so-called cold operation (excl. credit obligations to commercial banks and other financial institutions), together with commercial banks, **new loans** will be approved to support liquidity of entrepreneurs.






## Benefits and financial support



To ensure the **export of goods**, thus the liquidity of international companies, HBOR will be approving guarantees (insurance policies) to commercial banks of exporters and HBOR for export security, aiming to grant new loans for working capital (liquidity)

The scope of the guarantee fund will be increased for export security by including the **sector of tourism** with the aim of issuing guarantees (insurance policies) for loans to commercial banks and HBOR, for additional liquidity for exporters and tourism sector.

Increasing the scope of guarantee fund for export security by further expanding the circle of eligible users of insurance policies to economic subjects who are handling export or are suppliers of exporters.



Benefits and financial support

## Support measures of **commercial banks** include:

Introduction of **Stand still** measure i.e. suspension of all executions of enforcement procedure towards all debtors (legal or natural persons) for a period of three months.

**Loans** up to three years for liquidity and working capital (wages and operating expenses) excluding credit obligations to commercial banks and other financial institutions.

**Reprogramming** by credit institutions towards specific clients by expedited procedure without reclassification into the status of noncomplying liabilities.

**The Ministry of regional development and European funds** will decrease the interest rates for ESIF micro and small loans, increase the maximal guarantee rate for “ESIF individual guarantees” and prolong the duration of some projects financed from the Operational Programs of competitiveness and cohesion.

Increased allocation of means for financial instrument 'ESIF micro loans' for working capital of micro and small enterprises (1000-25.000 EUR, 12 months grace period, reduction of interest to 0,5% - 0,75% - 1,0% depending on the development index) which are processed by HAMAG-BICRO.


Reduction of interest rates for investments loans with stake of 30% of working capital 'ESIF micro and small loans' to 0,1 %-0,25%-0,5% depending on the development index which are processed by HAMAG-BICRO.

Increasing the maximum guarantee rate for 'ESIF individual guarantees' for loans for working capital from 65% to 80% of loan principal (the amount of loans 150.000-1.000.000 EUR) which are processed by HAMAG-BICRO through 17 financial institutions.



Benefits and financial support

## Further measures of the Ministry of regional development and European funds

- Confirmation of 75% of claimed expenditure from the Operational programs of competitiveness and cohesion through the Payment Request and the other 25% after conducting a control of expenditures in the relevant procurement of work/goods and/or services and bringing a decision about nonexistence of irregularities as a basis for keeping 25% of the amount.
  - For all projects co-financed from the Operational Program of Competitiveness and Cohesion, that are in the process of implementation and have deadlines in March, April and May 2020, an unconditional duration extension of projects is introduced and a delay of 90 days for repayment of funds due in March, April and May 2020.
  - Introducing a new financial instrument „COVID-19 loans“ for working capital for small and medium entrepreneurs.
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Apart from other measures of **Ministry of labor and pension fund**, those regarding benefits are:

Allowing EU grants beneficiaries the possibility to suspend or delay project implementation, to delay refund payments and to reduce the planned indicators on projects due to new circumstances.

Unconditional extension of duration of projects for three months – for all projects co-financed from the Operational program of Effective Human Resources which are in process of implementation with deadline in March, April and May 2020.

Confirmation of 75% of claimed expenditure from the Operational programs of Effective Human Resources through the Payment Request and the other 25% after conducting of control of expenditures in the relevant procurement of work/goods and/or services and bringing a decision about nonexistence of irregularities as a basis for keeping 25% of the amount.

Ministry of economy, entrepreneurship and crafts will introduce an additional grace period in order to preserve jobs without losing rights to receive support measures related to realization of investment projects which are being conducted in accordance with Investment Promotion Act.

## Croatian small business agency, innovation and investment (HAMAG-BICRO) is introducing the following measures:

**Moratorium** on all instalments of 'ESIF micro and small loans' and micro and small loans for rural development up to 31 December 2020 with prolongation of loan payment of the guarantee loans.

Establishment of new financial instrument **Micro loans for rural development** for working capital (quicker processing, grace period, reduced interest rate).

**Contra guarantee of 50% principal** for working capital of loans for tourism (interest rate 0,5%-0,75%-1,0%).



# Implementation of Measures by HAMAG-BICRO

(regarding approval of working capital loan  
for small and micro entities)

The loan allows financing of:

- Preparation of production
- Raw materials
- Other production costs
- Staff costs
- Employment costs
- Rental space
- Utility costs
- overhead

The maximum amount of ESIF loan can be **EUR 25 000** with a **12-month grace period, repayment period** of **3 years** with an interest rate of **0,5% - 1,0%** (depending on the development index).

A list of **documentation** and the standardized loan application form are available on the HAMAG-BICRO official website <https://hamagbicro.hr/financijski-instrumenti/kako-do-zajma/dokumentacija/>.

## Grants for working capital

In addition to already established measures, agency HAMAG-BICRO has activated new financial instrument, COVID-19 grants for working capital in order to support the economy during corona virus pandemic. The applicant must prove that COVID-19 had a negative impact on his business, i.e. that in the first quarter of year 2020 the company achieved a revenue decrease of more than 20%, or that the company expects such revenue decrease in the following quarters of year 2020.

Grants are for the purpose of financing working capital, including VAT. Grants are not for the purpose of refinancing existing loans/lease obligations or to finance liabilities incurred before year 2020. Funds received must be strictly used for its purpose. The user of the grant shall not pay any fee related to the grant approval.

## What are requirements for grant obtaining?

1. More than 50% of private ownership,
2. At least one full-time employee,
3. The company does not have giro account permanently blocked for more than 30 days in the last 6 months, and
4. The company does not have difficulties in conducting its business.

## Which terms are defined with the grant?

Name of the program	„COVID-19“ grants for working capital
Target group	Small, micro and medium sized businesses
Amount	Up to 750 000 HRK
Interest rate	0,25%
Expiration date	6 months
Grace period	Up to 12 months presuming repayment period is at least 2 years
Repayment period	Up to 5 years including grace period
Insurance	Debenture bond of the applicant

## Grants for working capital

### Loan application and loan approval process

- The entrepreneur submits the loan application form to HAMAG-BICRO
- HAMAG-BICRO's professional services process the application for an ESIF loan
- HAMAG-BICRO decides on ESIF Loan

### Application deadline

- Applications are to be submitted until 31.12.2020

### If a positive decision is made

- HAMAG-BICRO sends a positive decision to the entrepreneur
- The entrepreneur opens a special purpose account and submits the open account information to HAMAG-BICRO
- The entrepreneur enters into a Loan Agreement with HAMAG-BICRO
- HAMAG-BICRO disburses loan proceeds upon loan approval

## Grants for working capital

## Documentation

In the original (signed and certified):


1. Statements to determine the status of a small holding entity (Aggregate Declaration)
2. Credit indebtedness table
3. Business plan through questions

In the copy:

1. Status documentation – authorization document from the competent institution
2. Financial documentation – GFI (past 2 years), Gross balance sheet (period from last available fin. Reports until the last day of the month before submission of the Request)
3. Solvency data (BON2 / SOL2) not older than 30 days
4. Confirmation of tax administration on the state of debt by state, not older than 30 days
5. Credit Report HROK, not older than 60 days
6. Copies of the identity cards of persons in the management and ownership structure of the applicant (for shareholders 25% and above)

## Implementation of Measures by HAMAG-BICRO


(regarding suspension of loan  
payments)



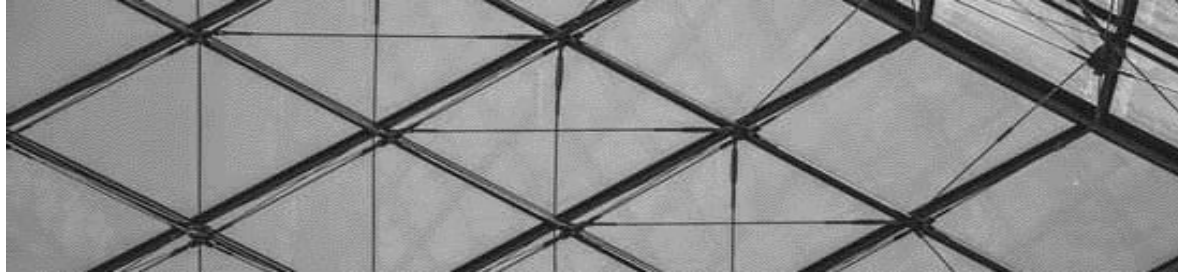
Suspension of payments applies to both principal and interest, while previous debts needs to be settled.

Beneficiaries of ESIF and loans for rural development will be notified with an e-mail regarding payment delay and will be provided with a form “Pristanak na odgodu plaćanja”.

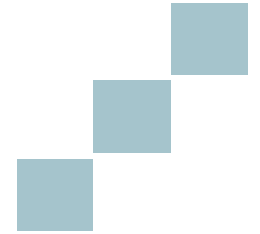
All beneficiaries who agree to the proposed payment delay should fill out the form, sign/stamp and photograph/scan it to the following e-mail address [zajmovi@hamagbicro.hr](mailto:zajmovi@hamagbicro.hr) in order to record their consent in the system.







## Decree of the Ministry of tourism



Delay in payment of tourism membership fee for economic subjects and private renters.

Delay in payment of tourism membership fee for private renters (lump sum taxation).

Restriction of working hours for catering facilities.

Grants for programs of financing working capital and increasing of liquidity for vulnerable economic subjects in tourism.

Delay of payment of the concession fee on tourist land in camps.

## Support to the agriculture sector



The Croatian Government has introduced a set of measures aiming to protect the agriculture sector from the effects of COVID-19.

The measures are regarding the **delay of deadlines** for contract obligations, thus their settlement, as well as **financial support** for this sector.

- Delay of the liability payment deadline to Hrvatske šume d.o.o. for wood assortments – wood processing and furniture production.
- Delay of the deadline for contractual obligations for beneficiaries of all investment measures of the rural development programs.
- Delay of the deadline of contractual obligations related to 2019 small value grants – wood processing and furniture production.
- Delay in payment of rent and concession fees for agricultural land owned by the Republic of Croatia.
- Delay in payment of fees for concessions and mooring of vessels in fishing.

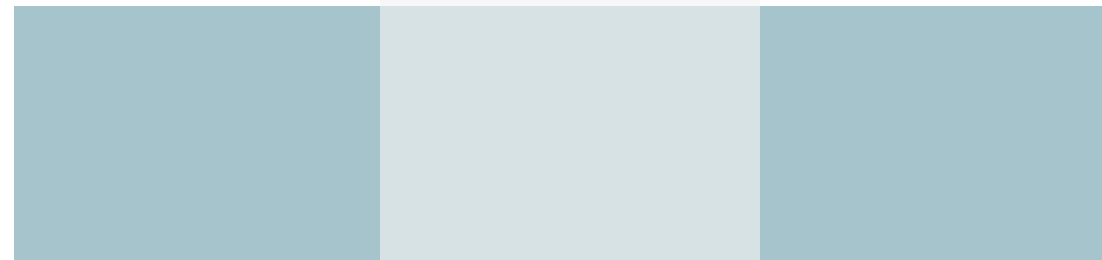
Decrees of the  
**Ministry of  
Agriculture**

## Benefits and financial support

Implementation of an additional flexibility mechanism between funds to increase production related payments or introduce intervention measures (Agriculture program) with the prior approval of the European Commission.

Assistance to the agricultural sector due to traffic restrictions and increased handling costs (proposing a new state and small value programs).

# Decrees of the Ministry of Agriculture



Financing the temporary fishing suspension with the prior approval of the European Commission.

An increase in small value grants for the fisheries and aquaculture sector.

Financing the packaging for fishery products with the prior approval from the European Commission.


Establishment of credit lines for working capital for the agriculture and forestry sector and wood processing.

## Means and measures of support by the **Ministry of culture:**

- Grants to self-employed artists, self-employed legal and physical persons in cultural and creative industry.
- Securing funds for legal and physical persons in culture for extended period for approved projects in culture.
- Payments from the fund for promotion of media pluralism for year 2020 with the possibility of redirecting a part of the fund for public monitoring of coronavirus epidemic.


## Benefit measures of the **Ministry of culture:**

- Delay of obligation fulfilment for physical and legal subjects in culture for realization of programs towards Ministry of culture, Croatian Audio-visual Centre and fund Culture Nova.
- Recognizing the organizational costs in culture approved programs which are cancelled due to epidemic of coronavirus.
- Temporary suspension of revision of independent artist status for a period of six month.



Benefits and financial support


## Decrees of the Ministry of maritime affairs, transport and infrastructure




Derogation from the universal service obligations due to inability to comply with the Postal Services Act.

Temporary suspension of fees for off-road licenses for public roads in the period until 1 June 2020.

Temporary postponement of seasonal toll 10% increase for IA vehicles, I and II group in the period from 15 June to 15 September.








Benefits and financial support

## Decrees of the Ministry of maritime affairs, transport and infrastructure




Additional discount of 7% for EURO VI vehicles for III and IV group which are using ENC with delayed payment with credit card/oil card during the year.

Delayed application of new Regulations on boats, vessels and yachts with regard to equipment requirements.

Temporary extension of validity of certifications and other documentation in international and national navigation.

Recommendation to port authorities to delay the payment of the fixed part of concession fees and fees for using operational coats in ports open for public transport.



## Measures of the Ministry of labor and pension fund



- Grants for securing jobs in sectors most affected by coronavirus
- Temporary suspension of grants for self-employment and employment with the aim of securing liquidity for jobs in sectors affected by coronavirus.
- Extension of permanent season measure



Grants for preserving workplaces

## Grants for preserving jobs in activities affected by the coronavirus pandemic



In order to preserve jobs for employers whose economic activity has been affected by the coronavirus pandemic, the Government has made a decision on grants per employee for a maximum period of three months from the beginning of March.



- The amount of support from Croatian Employment Fund (HZZ) to support job preservation in sectors affected by COVID-19 is increased from 3.250 HRK to 4.000 HRK for April and May 2020 for full time employment.
- According to the decision of the Civil Protection Staff and it will be paid out by the 15th in the month for the previous month.
- Taxpayer who has previously applied for the grant and who has receive it **will be exempted from paying contributions** for supported net salaries (tax and contributions).
- Based on information from the Tax Authorities, HZZ will make contribution payment (MIO II) in proportion of provided grant:
  - ❖ 203,12 kn for March per employee; and
  - ❖ 250,00 kn for April and May per employee.

## Target groups of employers



- employers who are providing accommodation and food and beverage; transportation and storage;
- manufacturing industries (textiles, clothing, footwear, leather, wood and furniture);
- employers who are unable to perform their activities due to decisions of the Civil Protection Staff (national, county, local self-government units);
- and other employers who can proof the impact of special circumstances

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The grants do not apply to owners, co-owners, founders, members of the management, directors, procurators, etc., except for employers employing up to 10 workers and owners of trades.

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## Grants for preserving workplaces

Based on the public call, employers from eligible sectors will **describe the reasons** why they seek support for job preservation and **support it with evidence** and **confirm with a signed statement of accuracy** of information and reason, which they give under criminal and material responsibility.



Some of the eligible reasons to be described are:


- decline in traffic;
  - cancellation of reservations, events, congresses, seminars;
  - cancellation of contract work and orders;
  - inability to deliver finished goods or contracted and paid raw materials, machinery, tools;
  - the impossibility of new orders for raw materials, tools and machines necessary for work.
- 






## Grants for preserving workplaces

The employer will also need to list the activities he has undertaken for the purpose of preserving jobs, and only one of the reasons from the previous slide must be described for the grant.



For the purpose of obtaining the right to grant, employers shall submit an application with the appropriate documentation, which is available on the website of the Croatian Employment Fund.



# The documentation includes:



*The request is handed online through system only.*



Request Form - standardized form available on the Institute's website or on the website [www.mjere.hr](http://www.mjere.hr) with the attached tables

Explanation of the fall in income - a tabular comparison of income by the end of the month in which the claim was filed with the same month of the previous year, with a projection of revenue in the following period by three months, comparing the same period of the previous year (acceptable decrease is higher than 20%)

A statement of the accuracy of the information and the reasons for using the grant;

A copy of Decision from the Civil Protection Staff (those employers who do not carry out the activity due to Decision of the Civil Protection Staff);

Evidence of canceled contracts, contracted jobs, problems in the transportation and delivery of goods or the procurement of raw materials.

# The institute commits itself to:

- receive and process the user's request within 10 days of receipt;
- inform the beneficiary of the approved request and sign the grant agreement;
- ensure regular disbursement of funds;

- prior to disbursement of funds, check the status of the workers for whom the grant is paid;
- check the solvency of the employer before payment;
- perform regular control of the number of employees during the period of the contractual obligation of double retention.

Employers who are already **using the measures of the Croatian Employment Fund** cannot use **both measures at the same time**. Therefore, the employers can choose to temporarily **suspend contractual obligations under active contracts** of Croatian Employment Fund in order to use the other measure. After expiration period of use of the other measure, the employers can continue, in the remaining period, to use the measure under active contract of the Croatian Employment Fund which they have put to rest. Such procedure should be regulated with Annex to the contract.

- Employers who are granted with support for job preservation **may not import employees** or recruit others into employment during the period of application of this measure.
- Employers who have **registered a business entity in the past 12 months** and who are **using self-employment measures** **cannot** benefit from this measure.
- Employers who experienced a **decline in staff from 1 March to 20 March** may be granted with support.

An employer may not be granted the support if there **has been a decrease in the number of employees** in the period from 20 March 2020 until the date of submission of the grant Application and if percentage of employment decline is:

- Higher than 40% for employers employing up to 10 workers
- higher than 20% for small businesses,
- higher than 15% for medium-sized businesses and
- higher than 10% for large businesses.

## HZZ grants for laid-off employees

Although the criteria define that the employer will lose the right to receive the grant if from 20 March 2020 until the moment of receiving the grant has fall in employment higher than prescribed, employers can stil use the grant if:

- They re-register the laid-off employee;
- Submit the application grant by 7 April 2020; and
- The employee have not received unemployment compensation.

For employees who were registered as unemployed in March and who has received unemployed compensation, the employer is entitled to receive the grant for April and May presuming employees remain employed by that employer.

Grants can be received for employees employed until 19 March 2020 and employees employed in branches in Republic of Croatia also.



## Application deadlines:

- For grant applications received by 7 April 2020 at 23:59h will be approved payment of salary costs for March, April and May 2020.
- For grant applications received in the period from 8 April to 7 May 2020 at 23:59h will be approved payments of salary costs for April and May 2020.
- For grant applications received in the period from 8 May to 7 June 2020 at 23:59h will be approved salary costs for May 2020.

## Documentation which the employer is required to provide:

- Evidence of salary payment (bank statement) for employees for which the grant is approved by end of the month in addition to table with list of employees containing handwritten signature and pay-out date.

## Process of payroll for April and May in circumstances caused by coronavirus:

1. Calculate the salary according to valid Employment contract in usual way
  2. Submit JOPPD form to Tax Authorities in usual way
  3. Pay-out the salary in usual way, without settlement of public contributions/part of payment/deferral of payment
  4. Provide the employee IP1
- Exemptions will be determined ex officio by Tax Authorities based on information exchanged with HZZ, and the same is visible on taxpayers tax card.
  - MIO II – HZZ shall pay it to Central Registry of insured persons based on Tax Authorities calculation

Based on Article 6, paragraph 6 of Corporate Income Tax Act, received grants shall reduce the tax base.

## Practical example:

GROSS SALARY	6.743,86	HZZ COMPENSATION	FULL EXEMPTION OF CONTRIBUTIONS	DELAY/EXEMPTION/OR PAYMENT
MIO I – 15%	1.011,58		750,00	261,58
MIO II – 5%	337,19	250,00		87,19
Income	5.395,09			
Personal allowance	4.000,00			
Tax base	1.395,09			
Tax 24%	334,82			334,82
Tax 36%	0,00			
Total tax	334,82			
City surtax	60,27			60,27
Total tax and city surtax	395,09			395,09
NET	5.000,00	4.000,00		
Contribution for health insurance – 16,5%	1.112,74		825,00	287,74





# Employment Relationships

# Employment issues

- **Remote working** - In accordance with Article 7. pt 2. of Labour law, employers and employees are allowed to temporarily (during the state of emergency) change the place of work (i.e. to work from home). In such case the employer is obliged to ensure their employees all necessary equipment and working conditions. During remote work employer is obliged to ensure correct evidence of working hours.
- Where remote working arrangements are not applicable, companies have possibilities such as **redistribution of working hours, flexible working hours and shift work** with the aim to protect its employees.

# Employment issues

- **Utilization of remaining holidays** - Taking into consideration the Labour Law regulations, the employer can adjust the schedule of employees' holiday days. In such cases, there is still an obligation to inform the employee of the same.
- **Paid or unpaid leave** - From legal point of view, to put employees on unpaid leave, **employee's consent** is necessary. During unpaid leave, rights and obligations arising from the employment shall be suspended. In such cases it is recommendable that both parties enter into an agreement to avoid disputes.
- **Temporary suspension of work** - In order to prevent epidemic, an employer can bring a decision based on which an employee will not be obliged to work as long as emergency measures are in force. However, during the temporary suspension, the employer is obliged to pay out full salary.

Employees who are temporarily unavailable for work due to contact with persons diagnosed with corona virus or the fact that they are coming from the affected area are entitled to receive **compensation salary on the expense of Croatian Health Insurance Fund** from the first day of temporary unavailability to work. It must be confirmed with valid medical documentation.



## Insured parties in isolation

- The salary allowance shall be determined in accordance with Article 54(1) of the Law on Compulsory Health Insurance
- The base is determined from the average salary paid to the worker in the 6 months before the month when the inability to work started
- The salary from which compensation is determined includes: salary earned by work (no. hours) and variable part of salary (if so regulated by the Employment Contract, Labor Regulations, Collective Agreement, etc.), and sick leave paid at the expense of the employer
- When determining sick leave (paid by the HZZO) the average net salary paid out is taken → gross salary reduced for salary contributions, income tax and surtax

## Insured parties in isolation

- In determining the average wage on the basis of which work disability benefits are determined, non-tax payments (paid under Article 7 of the Income Tax Regulations) such as commemorative awards (Christmas, recourse, etc.), special benefits, labor results, nutrition benefits, infant benefits etc. **cannot be taken into account**

### LIMIT

- If the average paid salary that determines the compensation is greater than HRK 4,257.28 (budget base of 3,326.00 increased by 28%); the compensation is paid in the amount of HRK 4,257.28 if the disability lasts for a whole month
- The HZZO does not pay compensation to the insured employee over the age of 65, yet the employer

## Insured parties in isolation

- In cases where the worker is in isolation or self-isolation due to Covid - 19, the insured may be entitled to compensation at the expense of HZZO funds provided that the competent epidemiologist has identified the need for isolation
- In the above case, the employer produces the Certificate of Payment by Official Route and the Request for Payment of Compensation (only by e-mail: izolacija@hzzo.hr) with mandatory information: Name of insured, OIB or MBO insured, contact – telephone, current account number to which the HZZO will pay the fee
- The fee is paid in 100% of the amount; however, if the fee in the Salary Certificate is set in greater amount of HRK 4,257.28, the HZZO pays compensation only in the amount of HRK 4,257.28
- Compensation is paid directly to the worker's current account

*Examples of the calculation of the fee on the official website of the RRIF (College of Financial Management), <https://www.youtube.com/watch?v=Vj-IXaXVadY>*



## Employment relationships

- Passes are issued only via e - Pass
- They are issued by persons responsible for this within the legal entity
- They are issued for a period of 1 to 14 days
- If legal and natural persons are unable to issue an e- pass, they are obliged to submit a request for an e-pass to the Civil Protection Directorate. If the request is justified, the Civil Protection Directorate will issue an e-pass
- Since 06. April, changing the place of residence and permanent residence is possible only with e - passes

## E – pass for workers

System login and issuance of the e - pass-through steps available at:

[https://www.youtube.com/watch?v=KmnQ0u7gH\\_A&feature=youtu.be](https://www.youtube.com/watch?v=KmnQ0u7gH_A&feature=youtu.be)



## Work of foreigners in Croatia

### Employment relationships

#### Aid for the preservation of jobs in coronavirus-affected activities → Changes from 26 March 2020:

- all beneficiaries of self-employment support (owners and employees) are included
- employers who applied to the HZMO system until 29 February 2020
- for all employers from eligible sectors employed until 29 February 2020
- Eligible employers may seek approval for support for:
  - workers employed indefinitely or indefinitely
  - full-time or part-time workers
  - workers with a certain status (RH defender, single parent, ...)
  - workers who are nationals of the Republic of Croatia, the EU or third countries, employed until 29 February 2020
- No support may be sought for retirees and for foreign workers from third countries whose residence and work permit has lapsed





# Work of foreigners in Croatia

## Employment relationships

- The residence and work permit issued shall cease to be valid:
  - If the conditions for termination of temporary residence in the Republic of Croatia are fulfilled
  - If the conditions on which the residence and work permit is issued cease to exist
  - If a third-country national undertakes activities for which he or she has not been issued a residence and work permit
  - If a third-country national works for an employer for whom a residence and work permit have not been issued (e.g. worker has a permit to work as an assistant cook, but also performs the job of an assistant waiter) - Workers must not be outsourced to other employers
  - If the third-country national or the employer do not comply with the labor regulations
- Decision on termination of the residence and work permit issued by the competent police department / station - an appeal may be lodged against the decision to the Commission



## Work of foreigners in Croatia

### Employment relationships

- A third-country national who has terminated his employment contract without his fault has the right to reside in the Republic of Croatia until the expiry of the residence and work permit
- no fault - it should not be a dismissal conditioned by the employee's concealed conduct, extraordinary dismissal due to a particularly serious breach of employment obligations or failure to perform probation
- E.g. if the employer issued the decision on conditionally terminated dismissal to a third-country national on 15.03.2020. and the permit is valid until 01.05.2020., the person can stay in the Republic of Croatia until 01.05.2020. when the permit issued expires
- A third-country national whose legal stay is terminated in the Republic of Croatia will be issued a return decision stating that his / her legal stay in the Republic of Croatia ceases and a deadline for voluntary departure will be set.

*More details on:*

<https://www.youtube.com/watch?v=X1hhAEhzEE0&feature=youtu.be>





Establishment of FINA online portal for the application of economic measures


Establishment of FINA online portal for  
the application of economic measures

Stated measures relate to the following

|

- liquidity and working capital loans;
- payment delay;
- loan reprogramming.

Companies whose activities are affected or disabled due to epidemic, can apply for the above stated measures.



Establishment of FINA online portal for the application of economic measures

Applying through the portal MJERE does not mean automatic granting of loans. Namely, the system collects applications and after verifying the entered data, the system is sending applications to the banks. Each bank will contact the applicant and take over further process of granting the loans.

Currently it is possible to apply for measures regarding **liquidity and working capital loans** only. Soon it can be expected that applications for the following measures will also be available: **payment delay and loan reprogramming**.

During application for liquidity and working capital loans, the applicant will need to:

- register into the system
- enter data on the subject for which the loan is requested
- choose a credit institution;

fill out the following forms:

- a statement of estimated reduction of revenues in year 2020 in comparison to year 2019
- a statement of revenues decrease in first quarter of year 2020 in comparison to year 2019
- estimated amount of loan required.

In the next few days, the portal will provide the possibility to enter other necessary data for the banks in order to evaluate applications for all three measures.

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