# BASIC STEPS FOR STARTING A BUSINESS/ESTABLISHMENT THE COMPANY IN CROATIA AND KOPRIVNICA KRIŽEVCI COUNTY

 **Only four steps are required to establish a limited liability company in Croatia within 15 days!**

**A company is a legal entity established and organized in accordance with the Companies Act. All companies are registered in a court register following the Court Register Act and the Rules of Court Register Entry Procedures. Under the Companies Act (Official Gazette No. 111/93, 34/99, 118/03, 107/07, 146/08, 137/09, 152/11, 111/12, 144/12 and 68/13), it is possible to start a company as a company based on capital or as a partnership, which is an association of persons.**

Companies based on capital include:

* a private limited company
* simple private limited company
* a public limited company
* economic interest association

Partnerships include:

* a public limited company
* a private limited company.

**COMPANY FORMS:**

* **PRIVATE LIMITED COMPANY** (*Croatian abbreviation: d.o.o*.)-the initial authorized capital of a private limited company must be shown in Croatian currency – kuna (HRK). The minimum amount of initial authorized capital may not be below HRK 20.000,00 (cca 2.600 EUR).
* **SIMPLE PRIVATE LIMITED COMPANY** (*Croatian abbreviation: j.d.o.o*.) – the initial authorized capital of simple private limited company must be shown in Croatian currency – kuna (HRK).The minimum amount of initial authorized capital may not be below HRK 10,00 (cca 1,33 EUR).
* **PUBLIC LIMITED COMPANY** (*Croatian abbreviation: d.d.*) -authorized capital and shares must show par value in the currency of the Republic of Croatia. The minimum amount of authorized capital is HRK 200.000,00 (cca 26.600 EUR).

**Only four steps are required to establish a limited liability company through HITRO.HR. - at the Financial agency called FINA, as follows:**

* **STEP ONE - COMPANY NAME AVAILABILITY CHECK**

First you must choose a name for your company. The employees of the HITRO.HR service will check the register to find out whether a company by the chosen or similar name already exists. When choosing the name for your company, you can also use the website of the Ministry of Justice: http://sudreg.pravosudje.hr.

* **STEP TWO - VERIFICATION OF DOCUMENTS**

The Application for Entry in the Court Register (PO Form) and certain documents accompanying the same must be verified by a public notary. All founders and other persons whose signatures are to be verifies must be present. After verification by a notary public all required documents are submitted at the HITRO.HR counter.

* **STEP THREE - SUBMISSION OF DOCUMENTS AND PAYMENT OF FEES**

Applications for Entry in the Court Register (PO Form) with all required accompanying documents verified by a public notary are submitted at the HITRO.HR counter. You can make the payment of court fees and the initial capital at FINA's branches. At the HITRO.HR counter you will receive an RSP Form which you will have to fill out in order to obtain a Notification of Classification pursuant to the National Classification of Activities (NKD) of the Central Bureau of Statistics (business identification number and main activity code assignment).

* **STEP FOUR - COLLECTION OF DOCUMENTS AND OPENING OF AN ACCOUNT**

The Decision on Entry in the Court Register and the Notification of Classification pursuant to the National Classification of Activities containing the assigned business identification number are collected at theHITRO.HRcounter. After you collect the afore-mentioned documents, you must make an official stamp and open a business account so that the initial capital could be transferred into your company account also at the HITRO.HR counter.

The necessary first registrations of the company, its owner and employees with the Croatian Pension Insurance Institute (HZMO) and the Croatian Health Insurance Institute (HZZO) can be arranged and executed electronically at the HITRO.HR counter.

After your company has been entered into the Court Register and the Register of the Central Bureau of Statistics, you must register your company with the relevant Tax Authority, whose jurisdiction is determined on the basis of your company's registered address, for the purpose of entering the company into the Register of Income Tax and VAT Payers. When registering with the Tax Authority, you must present for inspection the Decision on Entry in the Court Register, the Notification of Classification pursuant to the National Classification of Activities and the Signature Card.

Cost of public notary is cca 700,00 EUR.

Cost of publishing the court register entry in the Official Gazette cca 130,00 EUR.

Commercial court fee is cca 55,00 EUR.

Central Bureau of statistics fee is 8,00 EUR.

**More informations:**

Financial Agency FINA at the desk counters. E-mail: http://www.hitro.hr/ Free info line: 00385 0800 0080.

## **INCENTIVES FOR ENTREPRENEURS**

*Attracting investments represents one of main economic priorities of the Government of the Republic of Croatia. The Ministry of Economy is a competent institution in charge for investment incentives and also has a crucial role in attracting foreign investments.*

 **Main document – Act on investment promotion and development of investment climate (Official Gazette No. 111/12 and 28/13).**

Incentive measures are regulated by Act on investment promotion and development of investment climate (Official Gazette No. 111/12 and 28/13), and they are related to the investment projects and strengthening of the competitiveness in:

* manufacturing and processing activities
* development and innovation activities
* business support activities
* high added value services

Incentive measures by this Act provide environmentally safe business activity and one or more goals:

* introduction of new equipment and modern technologies
* increase in employment and higher level of employees’ training,
* development of the products and services involving higher added value
* increase of the entrepreneurial competitiveness
* balanced regional development of the Republic of Croatia

The minimum required investment for incentives:

* 50.000,00 EUR and 3 new jobs for microenterprises
* 150.000,00 EUR and 5 new jobs for small, medium and large enterprises

*Source:* [*http://www.hamaginvest.hr/wp-content/uploads/2013/04/Vodi%C4%8D-kroz-Zakon-o-poticanju-investicija.pdf*](http://www.hamaginvest.hr/wp-content/uploads/2013/04/Vodi%C4%8D-kroz-Zakon-o-poticanju-investicija.pdf)

|  |
| --- |
| ACTIVITIES FOR INCENTIVES |
| Developmnet and innovation activities | Business support activities | High added value services |
| Improvement and modernization of the: * Product
* Product series
* Processes and manufacturing technologies
 | * Customers/Clients centres
* Centres of outsourced business activities
* Logistics and Distribution centres
* ICT system and Software development centres
 | * Creative service activities
* Tourism service activities
* Management, consulting, education services
* Industrial engineering services
 |

*Izvor: http://www.hamaginvest.hr/wp-content/uploads/2013/04/Vodi%C4%8D-kroz-Zakon-o-poticanju-investicija.pdf*

INCENTIVES TO THE ENTREPRENEUR FOR INVESTMENT THROUGH TAX INCENTIVES

Entrepreneur has tax incentive:

* In the case of an investment amounting to EUR 1 million in HRK equivalent, the recipient of incentive measures shall be eligible to reduction of the profit tax rate by 50% of the statutory profit tax within a period of up to 10 years from the year in which the investment was first made, provided the recipient provides for creation of at least 5 new jobs linked to the investment
* In the case of an investment amounting from EUR 1 to 3 million in HRK equivalent, the recipient of incentive measures shall be eligible to reduction of the profit tax rate by 75% of the statutory profit tax within a period of up to 10 years from the year in which the investment was first made, provided the recipient provides for the creation of at least 10 new jobs linked to the investment
* In the case of an investment amounting over EUR 3 million in HRK equivalent, the recipient of incentive measures shall be eligible reduction of the profit tax rate by 100% of the statutory profit tax within a period of up to 10 years from the year in which the investment was first made, provided the recipient provides for the creation of at least 15 new jobs linked to the investment
* The person submitting notification to qualify for incentive measures may be granted tax incentives without ensuring the creation of new jobs, provided he implements the modernization of technological process of the existing production line or plant. The person shall be liable to retain the same number of jobs as recorded in the moment of submitting the notification during the overall period in which he uses the incentives, which shall not be shorter than three years following commencement of use of incentive measures

# TAX REGIME

**REAL ESTATE TRANSFER TAX**

Tax regulations are The Real Estate Transfer Tax Law, (Official Gazette No. 69/97, 153/02, 22/11), and Ordinance of the Form and Content of the Notification Real Estate Transfer Tax (Official Gazette No. 28/01 and 137/11).

Tax payer is a person or entity acquiring the real estate.

The taxable base is the market value of a real estate at the moment when the tax liability is incurred. The market value of the real estate is the price of the real estate that is obtained or that might be obtained on the market at the moment when the tax liability is incurred. The subject of taxation is the transfer of real estate. The acquisition of newly built real estate that is taxed according to the VAT Law is not considered the transfer of real estate.

Real estate transfer tax is 5%.

**CORPORATE INCOME TAX** (PROFIT TAX)

The regulation concerning income tax is Profit Tax Law (Official Gazette No. 177/04, 90/05, 57/06, 80/10, 22/12 and 148/13) and The Regulations concerning profit tax (Official Gazette No. 95/05, 133/07, 156/08, 146/09, 123/10, 137/11, 61/12, 160/13).

A taxpayer shall be a company or another legal or natural person resident in the Republic of Croatia, who is permanently and independently engaged in an economic activity for the purpose of deriving a profit, an income or a revenue or other assessable economic benefits.

The tax base shall be the profit determined pursuant to the accounting regulations as the difference between revenues and expenditures before the profit tax assessment, increased and reduced in accordance with the provisions of this Act. The profit tax shall be assessed for a period which is normally a calendar year.

The profit tax is 20%.

**VALUE ADDED TAX**

The Regulation for the value added tax are „The Value Added Tax Law (Official Gazette No. 73/13, 99/13, 148/13, 153/13) and Value Added Tax Ordinance (Official Gazette No. 73/13, 85/13).

Value added tax rates are: 0%, 5%, 13% or 25%.

**INCOME TAX**

Tax regulation is Income Tax Act, (Official Gazette No. 177/04, 73/08, 80/10, 22/12, 144/12, 43/13, 120/13, 125/13 and 148/13) and Regulations Concerning Income Tax (Official Gazette No. 95/05, 96/06, 68/07, 146/08, 2/09, 9/09 - correction, 146/09, 123/10 and 137/11).

A taxpayer shall be a natural person who acquires an income.

**TAX BASE OF A RESIDENT:**

The total amount of income that the taxpayer obtains in land and abroad (income from employment + income from independent personal activities or self-employment + income from property and property rights + income from capital + income from insurance + other income) - personal allowances.

**TAX BASE OF A NON-RESIDENT:**

The total amount of income that the taxpayer obtains in Republic of Croatia (income from employment + income from independent personal activities or self-employment + income from property and property rights + income from capital + income from insurance + other income) - personal allowance.

**TAX RATES**

|  |  |  |
| --- | --- | --- |
| **THE MONTHLY TAX BASE**  | **THE ANNUAL TAX BASE**  | **TAX RATES**  |
| Up to HRK 2.200,00  | Up to HRK 26.400,00  | 12%  |
| Over HRK 2.200,00 up to HRK 8.800,00  | Over HRK 26.400,00 up to HRK 105.600,00 (the next HRK 79.200,00)  |  25%  |
| Over HRK 8.800,00  | Over HRK 105.600,00  | 40%  |

*Source:* http://www.porezna-uprava.hr/en/porezi/v\_poreza.asp?id=b01d1#

**TRADE NAME TAX**

Tax regulation is the Law Concerning the Financing of Units of Local Government and Regional Self-Government (Official Gazette No. 117/93, 33/00, 73/00, 59/01, 107/01 and 117/01 - correction, 150/02, 147/03, 132/06, 73/08 and 25/12). A decision of the City or Municipality concerning City or Municipality taxes.

Taxpayer is a natural person or legal entity that is liable to pay corporate income tax or personal income tax and is registered for the performance of an activity. Subject of taxation is trade name.

Amount of tax is up to 2.000,00 KN (cca 270,00 EUR) for each trade name.

**PAYROLL TAXES**

Regulation is the Law on contributions (Official Gazette No. 84/08, 152/08, 94/09, 18/11, 22/12, 144/12, 148/13 and 41/14).

In Croatia, the payroll tax is composed of several items:

* national tax on personal income (*Croatian:* *porez na dohodak*), which is applied incrementally with rates of 12%, 25% and 40%
* optional local surcharge on personal income (*Croatian:* *prirez*), which is applied by some cities and municipalities on the amount of national tax (tax rate in City Zagreb is 18%)
* pension insurance (*Croatian:* *mirovinsko osiguranje*), universal 20%, for some people divided into two different funds - one of which is government management (15%) and the other is a selected pension fund (5%)
* health and unemployment insurance (*Croatian:* *zdravstveno osiguranje*), divided into 15% for general health insurance,
* work-related accident insurance 0,5%
* unemployment insurance. 1,7%

**In the Republic of Croatia working week lasts for 40 hours.**

**Minimum wage in Croatia is 3.017,61 KN (cca 401,40 EUR) – gross.**

More information at: http://www.porezna-uprava.hr/en/porezi/v\_poreza.asp?id=b01d1#

**DIRECTIONS FOR FACILITY CONSTRUCTION IN CROATIA – 4 STEPS:**

1. **Development of project:**
	* + Technological of Project documentation
		+ Development of Preliminary Project design (PPD)
		+ Analysis of the Preliminary Project design (PPD)

1. **Approval of Location permit:**
	* + Opinion regarding Preliminary Project design (PPD)
		+ Environmental impact assessment
		+ Issuing of Location permit

1. **Approval of building permit:**
	* + Designing of Main project
		+ Issuing of building permit
		+ Designing of Final project

1. **Approval of Work permit:**
	* Executing the project
	* Technical review and issuing of Work permit.

**GOVERNMENT BODIES INVOLVED**

* + **Analysis of the PPD**

 Ministry of construction and physical planning (http://www.mzopu.hr/)

* + **Opinion regarding PPD**

Ministry of construction and physical planning (http://www.mzopu.hr/)

* + **Issuing of Location permit**

Ministry of construction and physical planning (http://www.mzopu.hr/)

* + **Issuing of Building permit**

Ministry of construction and physical planning (http://www.mzopu.hr/)

* + **Technical review and issuing of Work permit**

Ministry of construction and physical planning (http://www.mzopu.hr/), Ministry of Health (http://www.mzss.hr/), Ministry of Economy (http://www.mingorp.hr/)

 **TECHNICAL ASSISTANCE IN KOPRIVNICA KRIZEVCI COUNTY**

**Department for physical planning, construction and environmental protection** Antuna Nemčića 5

48000 Koprivnica

Phone: 00385 48 220 155

## E-mail: drazen.kozjak@kckzz.hr

**CITY KOPRIVNICA**

Department of Utility Services, Physical Planning and Enviroment

Zrinski trg1

48 000 Koprivnica

Phone: 00385 48 654 840

## E-mail: prostorno.okolis@koprivnica.hr

**CITY ĐURĐEVAC**

Department of Planning, Investment and Utility Services

Trg Sv. Jurja 1,

48350 Đurđevac

Phone:00385 48 811 052

Web: www.djurdjevac.hr

## E-mail: dejan.djud@djurdjevac.hr

**CITY KRIŽEVCI**

Department of residential and Communal Services

48 260 Križevci

Phone: 00385 48 628 931

Web: www.krizevci.hr

##  E-mail: skd@krizevci.hr

**BUSINESS PERMITS:**

 **WORK PERMIT – 4 STEPS:**

*An alien can work on the basis of work or business permit. An alien can work without work or business permit in the cases determined by Law on foreigners (Official Gazette No. 79/07, 36/09, 130/11 and 74/13).*

1. **Competent police administration/police station** - an employer (legal or natural person) shall submit the request for the issuance of a work permit for alien at a competent police administration/police station, according to the place of his/her seat of business.
2. **Police administration/police station makes a decision that is delivered to the employer**
3. **Payment of fees at a Post Office/FINA (Financial Agency)/Bank**

1. **Competent police administration/police station shall hand to the employer the alien's work permit issued in a form of a decision.** Work permit shall be issued for a limited period of time in line with the period of time for which an employment has been established, which may not be longer than 1 year.

## More information: http://www.mup.hr/1266.aspx

**BUSINESS PERMIT – 3 STEPS:**

**I.Competent police administration/police station** – an alien shall submit in person the application for the issuance of a business permit at a competent police administration or a police station according to the place of his/her business. Togetherwith the application for a business permit, the foreigner may also submit the application for temporary stay for the purpose of work. In exceptional cases the foreigner may apply for a business permit through his/her legal representative.

Business license may be issued to foreigners only upon approval issued by the Croatian Chamber of Economy and appropriate County Chamber.

Business permit may be granted to the following persons:

* the founder of a company in the Republic of Croatia, or to an alien who is a majority shareholder of the company holding at least 51% of shares and is conducting business in the Republic of Croatia;
* the craftman who has registered his/her business in the Republic of Croatia, or to one of the co-owners of a joint craft;
* the foreignerfree lancer in compliance with the Republic of Croatia regulations;
* to the foreignerrendering services on behalf of a foreign employer.
1. **Payment of fess made at a post office/FINA/bank** - if an application for a business permit has been positively decided upon, a payment should be made at a post office/FINA/bank.
2. **Upon the producing of the proof of payment for a business permit**, it shall be delivering to the foreigner or to his/her legal representative at a competent police administration or police station in a form of a decision. Along with issued business license, foreigner is required to regulate the temporary residence for work purpose. Request for authorization for temporary residence foreigner submitted to police administration / police station at the same time as the request for issuance of business permits.

More information: http://www.mup.hr/5400.aspx

## **SUPPORTING INSTITUTIONS**

**MINISTRY OF ECONOMY**

Grada Vukovara 78

10 000 Zagreb

Phone: 00385 1 6106 924

Fax: 00385 1 6109 118

### Web: http://www.mingorp.hr/

**MINISTRY OF ENTREPRENEURSHIP AND CRAFTS**

Grada Vukovara 78

10 000 Zagreb

Phone: 00385 1 6106 111

Fax: 00385 1 6109 118

### Web: http://www.minpo.hr/

**MINISTRY OF PHYSICAL PLANNING AND CONSTRUCTION**

Ulica Republike Austrije 20

10 000 Zagreb

Phone: 00 385 1 3782 444

### Web: http://www.mzopu.hr/

**OFFICE OF THE STATE ADMINISTRATION OF KOPRIVNICA KRIZEVCI COUNTY**

Antuna Nemčića 5

48000 Koprivnica

Phone: 00385 48 658 190

### Web: www.udu-kckz.hr E-mail. udukckz@kc.t-com.hr

**KOPRIVNICA KRIŽEVCI COUNTY**

Antuna Nemčića 5

48000 Koprivnica

Phone: 00385 48 658 111

### Web: www.kckzz.hr E-mail: info@kckzz.hr

**Department for Economics and Communal Affairs**

Antuna Nemčića 5

48000 Koprivnica

Phone: 00385 45 658 231/235

### E-mail: marijan.stimac@kckzz.hr

**Department for physical planning, construction and environmental protection** Antuna Nemčića 5

48000 Koprivnica

Phone: 00385 48 220 155

### E-mail: drazen.kozjak@kckzz.hr

**PUBLIC INSTITUTE FOR SPATIAL PLANNING OF KOPRIVNICA KRIZEVCI**

**COUNTY**

Trg bana Josipa Jelačića15/II

48000 Koprivnica

Phone: 00385 48 624 406

### Web: www.prostorno.kzz.hr E-mail: prostorno-uredjenje@kckzz.hr

**TOWN KOPRIVNICA**

Administrative Department of Finance and the Promotion of Entrepreneurship

Zrinski trg 1/II,

48000 Koprivnica

Phone: 00385 48 279 506

### Web: www.koprivnica.hr E-mail: gospodarstvo.financija@koprivnica.hr

**TOWN ĐURĐEVAC**

Administrative Department of Finance and Public revenues

Trg Sv. Jurja 1,

48350 Đurđevac

Phone: 00385 48 811 052

### Web: www.djurdjevac.hr E-mail: jasna.kovacev@djurdjevac.hr

**TOWN KRIŽEVCI**

Administrative Department of Economics and Finance

48 260 Križevci

Phone: 00385 48 628 943

Web: www.krizevci.hr

### E-mail: financije@krizevci.hr

**CROATIAN EMPLOYMENT SERVICE, REGIONAL OFFICE KRIŽEVCI**

Kralja Tomislava 20

48 260 Križevci

Phone: 00385 48 681 904

### Web: www.hzz.hr E-mail: hzz.krizevci@hzz.hr

**Regional office Križevci, Local Office Đurđevac**

Trg Svetog Jurja 1

48 350 Đurđevac

Phone: 00385 48 812 057

### E-mail: hzz.krizevci@hzz.hr

**Regional office Križevci, Local Office Koprivnica**

Ivana Meštrovića 25

48 000 Koprivnica

Phone: 00385 48 622 516

### E-mail: hzz.krizevci@hzz.hr

**CROATIAN CHAMBER OF ECONOMY – COUNTY CHAMBER KOPRIVNICA**

Frankopanska 3

48 000 Koprivnica

Phone: 00385 48 674 560

### Web: www.hgk.hr E-mail: hgkkc@hgk.hr

**CHAMBER OF TRADES AND CRAFTS OF KOPRIVNICA KRIZEVCI COUNTY**

Bjelovarska cesta 75a

48000 Koprivnica

Phone: 00385 48 623 408

### Web: www.obrtnicka-komora-koprivnica.hr E-mail: ok.koprivnica@hok.hr

**TOURIST BOARD OF KOPRIVNICA KRIZEVCI COUNTY**

Antuna Nemčića 5

48000 Koprivnica

Phone: 00385 48 624 408

### Web: www.tz-koprivnicko-krizevacka.hr E-mail: ured@tz-kckz.com

**PORA REGIONAL DEVELOPMENT AGENCY OF PODRAVINA AND PRIGORJE**

Braće Radića 2/1

48 000 Koprivnica

Phone: 00385 48 621 978

### Web: www.pora.com.hr E-mail: info@pora.com.hr

**Preview of all business zones in Koprivnica Krizevci County with incentives on national and local level available at** http://pora.com.hr/business-zones

**CUSTOM OFFICE KOPRIVNICA**

Kolovorska bb

48 000 Koprivnica

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### Web: http://www.carina.hr E-mail: ured-ravnateljice@carina.hr

**MINISTRY OF THE INTERIOR**

**POLICE DEPARTMENT OF KOPRIVNICA KRIZEVCI COUNTY**

Trg Eugena Kumičića 18

Phone: 00385 48656 411

###  Web**:** http://www.mup.hr/

***MINISTRY OF FINANCE***

**THE REPUBLIC OF CROATIA, MINISTRY OF FINANCE, TAX ADMINISTRATION**

 **Regional office Koprivnica**

Hrvatske državnosti 7

 48 000 Koprivnica

 Phone: 00385 48 289 555

###  Web: http://www.porezna-uprava.hr/en/index.asp

**Branch office Đurđevac**

Stjepana Radića 1

48 350 Đurđevac

Phone: 00385 48 289 050

Fax: 00385 48 289 065

**Branch office Križevci**

I.Z. Dijankovečkog 8

48 260 Križevci

Phone: 00385 48 289 600

Fax: 00385 48 289 603

**CROATIAN INSTITUTE FOR HEALTH INSURANCE**

**Regional office Koprivnica**

Hrvatske državnosti 3

48 000 Koprivnica

Phone: 00385 621 077

### Web: http://www.hzzo-net.hr/

**Branch Office Đurđevac**

Trg Svetog Jurja1

48 350 Đurđevac

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**Branch office Križevci**

Petra Zrinskog 8

48260 Križevci

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**FINANCIAL AGENCY (FINA)**

**Regional office Koprivnica**

Opatička 1

48000 Koprivnica

Phone: 00385 48 0 6560

### Web: http://www.fina.hr/

**Branch office Đurđevac**

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