INVESTORS GUIDE (FDI)
CONTENT

I. GEOGRAPHICAL POSITION
II. TRAFFIC CONNECTIONS
III. LOCATION OF BUSINESS ZONES IN KOPRIVNICA-KRIŽEVCI COUNTY
IV. TAX POLICY
V. CONSTRUCTION
VI. BUSINESS PERMITS
VII. HUMAN RESOURCES
VIII. COMPANY ESTABLISHMENT
IX. SUPPORT INSTITUTIONS
I. GEOGRAPHICAL POSITION OF THE REPUBLIC OF CROATIA

The Republic of Croatia (RH) is a European country, geographically situated at the crossing from Central to Southeast Europe. Croatia borders with Slovenia and Hungary on north, with Serbia on east, on the south and east with Bosnia and Herzegovina and Montenegro. Croatia has a sea border with Italy at Adriatic sea.

Area total of the Republic of Croatia: 56.538 km²
Number of inhabitants: 4.437.460
GDP (Gross domestic product) RH (2009): 10.246 €
Territorial organization: 20 counties + The City of Zagreb

Area total of Koprivnica Križevci County: 1.748 km²
Number of inhabitants: 124.467
GDP KKŽ: 8.560,00 €
INTERNATIONAL INTEGRATIONS OF THE REPUBLIC OF CROATIA

1. **UN**
   On May 22nd 1992 Croatia became a full member of the UN (United Nations)

2. **NATO**
   On April 1st 2009 Croatia became a full member of NATO (North Atlantic Treaty Organisation)

3. **EU**
   Croatia will become a 28th full member of EU (European Union) until the year 2012

4. **CEFTA (Central European Free Trade Agreement)**
   members are Albania, Bosnia and Herzegovina, Montenegro, Croatia, Macedonia, Moldova, Serbia and UNMIK / Kosovo
II. TRAFFIC CONNECTIONS – AIR TRAFFIC

9 airports

(7 international-Zagreb, Osijek, Pula, Rijeka, Zadar, Split, Dubrovnik, 2 local-Brač, Mali Lošinj)

Air distance:

- Beč - 360 km
- Pariz - 1410 km
- Bruxelles - 1355 km
- Prag - 620 km
- Budimpešta - 350 km
- Rim - 880 km
In the plan is construction of the second railway track line from Rijeka to the Hungarian border, with possibility of European R-65 corridor in the direction of port Rijeka to the Baltic determination.

<table>
<thead>
<tr>
<th>Distance from Koprivnica to major cities</th>
<th>RAILWAY(KM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zagreb (airport)</td>
<td>87</td>
</tr>
<tr>
<td>Koprivnica – Rijeka (seaport)</td>
<td>316</td>
</tr>
<tr>
<td>Koprivnica – Wiena</td>
<td>387</td>
</tr>
<tr>
<td>Koprivnica – Budapest</td>
<td>307</td>
</tr>
</tbody>
</table>
**TRAFFIC CONNECTION**

**PANEUROPEAN RAILWAY CORRIDOR VB**

**BOTOVO-ZAGREB-RIJEKA**

Maximum speed planned per sections:
- Botovo – Dugo Selo 160 km/h
- railway junction 120 km/h
- Horvati – Krasica 160 km/h
- railway junction 80 km/h

Approximate distance:
Botovo – Koprivnica – Zagreb – Rijeka 242 km

**Approximate investment costs**
Upgrade of the existing tracks and construction of new tracks on the section Botovo–Zagreb–Rijeka per sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Investment Cost (billion €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Botovo – Dugo Selo</td>
<td>0.47</td>
</tr>
<tr>
<td>II. Zagreb Junction</td>
<td>0.49</td>
</tr>
<tr>
<td>III. Horvati – Krasica</td>
<td>2.47</td>
</tr>
<tr>
<td>IV. Rijeka Junction**</td>
<td>0.22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.65</strong></td>
</tr>
</tbody>
</table>
Traffic Connection

Upgrade and Modernization of Railway Line Direction Botovo–Zagreb–Rijeka

Importance for the RoC:
- connects central and maritime part of the country,
- connects agriculture and tourism,
- connects industrial potential of the country with port capacities in the Rijeka basin,

Significant Development of the Rijeka Port on the Adriatic

Port of Rijeka
- Rijeka Gateway Project:
  - Construction of container, passanger and Ro-Ro terminal
  - EUR 190 million (IBRD loan EUR 160 million)
- Porto Baross
  - Urban port interface

Importance for the RoC and the EU:
- the shortest railway connection between Hungary, other Central European countries and Mediterranean,
- encourages the development of the Rijeka Port and transit railway traffic between Croatia and Central European countries,
- provides opportunity for subsequent development of transit railway traffic between Western Europe and the Balkan via Croatia,
- has significant influence on environmental protection due to redirection of large volumes of freight from road to railway.
Pan-European transport corridors in the Republic of Croatia:

Vb – Budapest-Varaždin-Zagreb-Rijeka
Vc – Budapest-Osijek-Sarajevo-Ploče
VII – Danube river
X – Salzburg-Villach-Ljubljana-Zagreb-Beograd-Skopje-Thessaloniki
Xa – Graz-Maribor-Zagreb
## Transport Corridors Established in Chapter 21

<table>
<thead>
<tr>
<th>ROADS (KM)</th>
<th>Major Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>Zagreb (airport)</td>
</tr>
<tr>
<td>288</td>
<td>Rijeka (seaport)</td>
</tr>
<tr>
<td>370</td>
<td>Vienna</td>
</tr>
<tr>
<td>315</td>
<td>Budapest</td>
</tr>
<tr>
<td>740</td>
<td>Prague</td>
</tr>
<tr>
<td>1110</td>
<td>Warsaw</td>
</tr>
<tr>
<td>1120</td>
<td>Berlin</td>
</tr>
<tr>
<td>1460</td>
<td>Paris</td>
</tr>
<tr>
<td>1450</td>
<td>Istanbul</td>
</tr>
<tr>
<td>2310</td>
<td>Madrid</td>
</tr>
</tbody>
</table>

29.547 km roads (public)

2.720 km railways
In Koprivnica Križevci County is total of 38,000 inhabitants employed, from which 5,000 is employed at the area of the business zones in 116 companies.

Danica—the biggest business zone in Koprivnica Križevci County employs 2,000 people. Belupo, Podravka, Carlsberg

More informations about the zones: [www.pora.com.hr](http://www.pora.com.hr)
### Business zones in Koprivnica-Križevci County

<table>
<thead>
<tr>
<th>UNIT:</th>
<th>NAME OF THE ZONE:</th>
<th>CONTACT:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City of Koprivnica</td>
<td>Business zone Dravska</td>
<td><a href="mailto:gospodarstvo.financija@koprivnica.hr">gospodarstvo.financija@koprivnica.hr</a></td>
</tr>
<tr>
<td>The City of Koprivnica</td>
<td>Business zone Radnička</td>
<td></td>
</tr>
<tr>
<td>The City of Koprivnica</td>
<td>Business zone Cubinec</td>
<td><a href="mailto:financije@krizevci.hr">financije@krizevci.hr</a></td>
</tr>
<tr>
<td>The City of Koprivnica</td>
<td>Business zone Nikola Tesla</td>
<td></td>
</tr>
<tr>
<td>The City of Koprivnica</td>
<td>Business zone Gornji Čret</td>
<td></td>
</tr>
<tr>
<td>The city of Đurđevac</td>
<td>Business industrial zone A</td>
<td><a href="mailto:jasna.kovacev@djurdjevac.hr">jasna.kovacev@djurdjevac.hr</a></td>
</tr>
<tr>
<td>Koprivnički Ivanec Municipality</td>
<td>Business zone Koprivnički Ivanec</td>
<td><a href="mailto:opcina.kop.ivanec@kc.t-com.hr">opcina.kop.ivanec@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Kloštar Podravski Municipality</td>
<td>Business zone Istok</td>
<td><a href="mailto:opcina-klostar-podravski@kc.t-com.hr">opcina-klostar-podravski@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Novigrad Podravski Municipality</td>
<td>Business zone Novigrad Podravski</td>
<td><a href="mailto:opcina.novigrad-podravski@kc.t-com.hr">opcina.novigrad-podravski@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Legrad Municipality</td>
<td>Business zone Kutnjak</td>
<td><a href="mailto:opcina-ograd@kc.t-com.hr">opcina-ograd@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Peteranec Municipality</td>
<td>Business zone Danica</td>
<td><a href="mailto:opcina-peteranec@kc.t-com.hr">opcina-peteranec@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Peteranec Municipality</td>
<td>Business zone Peteranec</td>
<td></td>
</tr>
<tr>
<td>Kalinovac Municipality</td>
<td>Business zone Sjever</td>
<td><a href="mailto:opcina.kalinovac@kc.t-com.hr">opcina.kalinovac@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Kalinovac Municipality</td>
<td>Business zone Jug</td>
<td></td>
</tr>
<tr>
<td>Dnje Municipality</td>
<td>Business zone Botovo</td>
<td><a href="mailto:opcina-dnje@kc.t-com.hr">opcina-dnje@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Ferdinandovac Municipality</td>
<td>Business zone Blata</td>
<td><a href="mailto:opcina.ferdinandovac@kc.t-com.hr">opcina.ferdinandovac@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Podravski Sesvete Municipality</td>
<td>Business zone Peski</td>
<td><a href="mailto:podravske.sesvete@inet.hr">podravske.sesvete@inet.hr</a></td>
</tr>
<tr>
<td>Podravski Sesvete Municipality</td>
<td>Business zone Bukove Grede</td>
<td></td>
</tr>
<tr>
<td>Molve Municipality</td>
<td>Business zone Zdelja</td>
<td><a href="mailto:opcina-molve@kc.t-com.hr">opcina-molve@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Molve Municipality</td>
<td>Business zone Brzdeljeva</td>
<td></td>
</tr>
<tr>
<td>Molve Municipality</td>
<td>Business zone Molve Grede</td>
<td></td>
</tr>
<tr>
<td>Delekovec Municipality</td>
<td>Business zone Delekovec</td>
<td><a href="mailto:opcina.dielekovec@kc.t-com.hr">opcina.dielekovec@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Virje Municipality</td>
<td>Business zone Virje</td>
<td><a href="mailto:opcina.virje@kc.t-com.hr">opcina.virje@kc.t-com.hr</a>, <a href="mailto:kristina.filipovic@kc.t-com.hr">kristina.filipovic@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Kalnik Municipality</td>
<td>Business zone Popovec Kalnički</td>
<td><a href="mailto:opcina-kalnik@kc.t-com.hr">opcina-kalnik@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Novo Virje Municipality</td>
<td>Business zone Medvedička</td>
<td><a href="mailto:opcina-novo-virje@kc.t-com.hr">opcina-novo-virje@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Rasinja Municipality</td>
<td>Business zone Rasinja</td>
<td><a href="mailto:opcina-rasinja@kc.t-com.hr">opcina-rasinja@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Rasinja Municipality</td>
<td>Business zone Kuzminec</td>
<td><a href="mailto:opcinarasinja@net.hr">opcinarasinja@net.hr</a></td>
</tr>
<tr>
<td>Sveti Petar Orehovec Municipality</td>
<td>Business zone Gregurovec</td>
<td><a href="mailto:opcina-orehovec@kc.t-com.hr">opcina-orehovec@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Sveti Petar Orehovec Municipality</td>
<td>Business zone Donji Fodrovac</td>
<td></td>
</tr>
<tr>
<td>Sveti Petar Orehovec Municipality</td>
<td>Business zone Sveti Petar Orehovec</td>
<td></td>
</tr>
<tr>
<td>Sveti Petar Orehovec Municipality</td>
<td>Business zone Mihole</td>
<td></td>
</tr>
<tr>
<td>Sokolovac Municipality</td>
<td>Business zone Velika Mučna</td>
<td><a href="mailto:opcina-sokolovac@kc.t-com.hr">opcina-sokolovac@kc.t-com.hr</a></td>
</tr>
<tr>
<td>Sokolovac Municipality</td>
<td>Business zone Zapad</td>
<td></td>
</tr>
<tr>
<td>Sokolovac Municipality</td>
<td>Business zone Istok</td>
<td></td>
</tr>
<tr>
<td>Hlebine Municipality</td>
<td>Business zone Hlebine 1</td>
<td><a href="mailto:opcinahlebine@gmail.com">opcinahlebine@gmail.com</a></td>
</tr>
<tr>
<td>Hlebine Municipality</td>
<td>Business zone Hlebine 2</td>
<td></td>
</tr>
</tbody>
</table>

More informations about the zones: [www.pora.com.hr](http://www.pora.com.hr)
Business Zone Koprivnički Ivanec, Koprivnički Ivanec

Area Total of the Zone: 241 ha

1. phase: 30 ha, from which is approximately 26.6 ha for sale

Ownership: Koprivnički Ivanec Municipality
Price: 12-15 Eur/m2
Way of selling: public tenders
Contact: opcina.kop.ivanec@kc.t-com.hr
LOCAL INCENTIVES TO ENTREPRENEURS IN THE ZONE KOPRIVNIČKI IVANEC

Utility fee payment incentives

The utility fee decision on the area of Koprivnički Ivanec Municipality (Koprivnica Križevcy County Official Gazette 14/07 i 14/08)

The utility fee height is determined with zone coefficient multiplication (0,2) with purpose coefficient (2,0 for production activities) and the point value (1,80) which amount 0,10 € /m².

Incentives of utility fee payment to the entrepreneurs:
100% reduced utility fee in the first year of performing the activities
75% in the second year of performing the activities
50% in third year of performing the activities
25% in fourth year of performing the activities

Public contribution

The public contribution decision on the area of Koprivnički Ivanec Municipality (Koprivnica Križevcy County Official Gazette 14/07)

Unit value of the public contribution in the zone Koprivnički Ivanec is 30 kn/m³, and it is multiplied with purpose coefficient (0,60 for producing facilities over 10000 m³,) and with volume which is 2,43 € /m³.
AREA TOTAL OF THE ZONE: 45 ha

OWNERSHIP: the town of Križevci

DISPOSAL OF BUILDING LAND:
1) Sale through public tenders: price of the land for sale is 16,4 EUR/m2
2) Granting construction rights through public tenders: price of the land with construction rights is 0,07 EUR/m2 per month

CONTACT: financije@krizevci.hr

DISTANCE:
- center of Križevci – 2 km (22.324 inhabitants)
- center of Koprivnica – 33 km (30.944 inhabitants)

TRAFFICAL POSITION OF THE COUNTY

STATE ROAD:
- ZAGREB-KOPRIVNICA
- VARAŽDIN
- HUNGARIAN BORDER
- OSIJEK

RAILWAIL: RIJEKA - BUDAPEST

NEW HIGHWAY: HUNGARIAN BORDER
**BENEFITS FOR ENTREPRENEURS**

**PARTIAL EXEMPTION FROM THE COMMUNAL CONTRIBUTION**
Entrepreneurs in business zones are exempt from the contribution as follows:

1) For the business objects of the volume of 1000 m³ to 5000 m³ the communal contribution is reduced by 35%  
2) For the business objects of the volume over 5000 m³ the contribution is reduced by 60%  

**COMPANY TAX BENEFITS:**
The entrepreneurs – beginners (legal and physical entities) will be exempt to the Company tax, as follows:  
In 1st year of business 100%  
In 2nd year of business 75% (tax: 70€)  
In 3rd year of business 50% (tax: 140€)  
The existing entrepreneurs that employ with no time limit contracts:  
- up to 10 employees - exempt of the Company tax by 25% (tax: 210€)  
- up to 25 employees - exempt of the Company tax by 50% (tax: 140€)  
- more than 25 employees - exempt of the Company tax by 100%  

**BENEFITS REGARDING PAYMENT OF COMMUNAL COMPENSATION**
100% reduction for the first year of business  
75% reduction for the second year of business  
50% reduction for the third year of business  
25% reduction for the fourth year of business  

**KRIŽEVCI CITY IS READY TO OFFER CONSULTING AND TECHNICAL ASSISTANCE IN THE REALIZATION OF INVESTMENTS**
Economy zone size is 142,5 ha with 720 plots

Land repurchase is in the progress; until October 2010 85 ha was repurchased.
Legrad municipality was the repurchase bearer.
End of repurchase: year 2011

KONTAKT: opcina-legrad@kc.t-com.hr

With land transfer (a donation from the Legrad municipality and the Fund) Geopodravina Ltd. will become the land owner.

1. COMMUNAL COMPENSATION

Physical and legal entities engaged in business are partially exempted from the communal compensation:
- 50% of total years debit – company headquarters outside the Legrad municipality area and employing workers from Legrad municipality area
- 75% of total years debit – company headquarters inside the Legrad municipality area and employing workers from Legrad municipality area

2. COMMUNAL CONTRIBUTION

Entrepreneurs who build or rebuild business facilities for performing manufacturing or other business activities, in order to increase the number of employees, with condition that the headquarter of activities is situated in the Legrad Municipality.
Projects included in the Geothermal programme

1. Energetic projects and economy zone regulation
   1.1 Geothermal source
   1.2 Geothermal power plant – heating plant
   1.3 Thermal network
   1.4 Economy zone regulation

2. User projects
   2.1 Vegetable drier/cooler
   2.2 Greenhouses for flower growing
   2.3 Greenhouses for vegetable growing
   2.4 Fish farm and sport fish pond
   2.5 Kutnjak Spa
   2.6 Tourist resorts
   2.7 Delivery of heat energy for business zone industry/citizens
ENERGETIC PROJECTS

Geothermal power plant – heating plant

Geothermal power plant – heating plant first phase visualization

USER PROJECTS

SPA - External pools for excursion tourism – example

Health resorts
Incentives from the City of Koprivnica

The gas connection fee - free of charge except for those who build commercial and catering services - depending on the capacity of planned annual spending: for up to 1.200 m3 of anticipated annual consumption should be paid the compensation of 100% of average gross monthly salary in Croatia in the previous year; for 1.201 m3 to 6.000 m3 of anticipated annual consumption should be paid the compensation in the amount of 200% of average gross monthly salary in Croatia in the previous year, for each additional 5.000 m3 of anticipated annual consumption should be paid the compensation of 100% of average gross monthly salary in Croatia in previous year.

The water connection fee - free of charge except for those who build commercial and catering services - depending on the capacity of planned annual spending: for up to 1.200 m3 of anticipated annual consumption should be paid the compensation of 100% of average gross monthly salary in Croatia in the previous year; for 1.201 m3 to 6.000 m3 of anticipated annual consumption should be paid the compensation in the amount of 200% of average gross monthly salary in Croatia in the previous year, for each additional 5.000 m3 of anticipated annual consumption should be paid the compensation of 100% of average gross monthly salary in Croatia in the previous year.

The sewer connection fee - free of charge except for those who build commercial and catering services - depending on the capacity of planned annual spending: for up to 1.200 m3 of anticipated annual consumption should be paid the compensation of 100% of average gross monthly salary in Croatia in the previous year; for 1.201 m3 to 6.000 m3 of anticipated annual consumption should be paid the compensation in the amount of 200% of average gross monthly salary in Croatia in the previous year, for each additional 5.000 m3 of anticipated annual consumption should be paid the compensation of 100% of average gross monthly salary in Croatia in the previous year.

Communal contribution - the entrepreneurs who built business buildings in the business zone equiped by the City of Koprivnica, are exempt from communal contributions by 50%, except for non-productive activities (commerce and catering) - 80 kn/m3.

Communal compensation - from 1.36 kn/m3 to 3.40 kn/m3 with benefits - 100% deduction in the first year, 75% in the second, 50% in the third and 25% in the fourth. Entrepreneurs who carry out their activities in business zones equiped by the City of Koprivnica utility fee will be reduced by another 50%.
Total size of the zone: 103 ha  
Size of the land available for sale: 15.52 ha  
Price of the land: for entrepreneurial activity – small trades and manufacturing activities 12,00 kn/m², for commerce and catering activities 250.00 kn/m².

**Incentives from the City of Đurđevac**

**Communal contribution:** Investors who build the objects intended for entrepreneurial activity are partially exempted from paying the communal contribution for 50%. For greater investments in entrepreneurial activities, and in the case that the investor undertakes to hire new workers, investor may also be partially or completely relieved from paying communal contributions, and each application will be evaluated by the City Council of the City of Đurđevac.

**Communal compensation:** Legal or physical person, in case of opening a new plant to expand production or hiring new employees, shall be exempt from paying communal compensation as it follows: 100% in the first year, 50% in the second year and 25% in the third year. Tax on company or title do not pay the contractors who are opening a new plant or for new employment, and in the amount of 100% in the first year, 50% in the second year and 25% in the third year.
INCENTIVES TO THE ENTREPRENEURS

Investment Promotion Act
Sectors: the manufacturing sector activities; technology centers; strategic business support services.

The law about investment encouragement (Official Gazette 138/06)
The incentive measures are:
• Tax benefit
• Tariff benefits
• Support for the reasonable cost of the new workplaces opening connected with the investment
• Support for the reasonable training cost connected with the investment
• Incentives for establishment and development of the technological development and innovation centers and strategic business support activities
• Incentives for big investment project – investment project of significant economic interest

Tax incentives

<table>
<thead>
<tr>
<th>INVESTMENT VALUE (IN MILL. EUR)</th>
<th>EMPLOYMENT OBLIGATION</th>
<th>CORPORATE INCOME TAX*</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.3 – 1.5</td>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>1.5 – 4</td>
<td>30</td>
<td>7%</td>
</tr>
<tr>
<td>4 – 8</td>
<td>50</td>
<td>3%</td>
</tr>
<tr>
<td>&gt; 8</td>
<td>75</td>
<td>0%</td>
</tr>
</tbody>
</table>

* for the period of 10 years

Employment Incentives

<table>
<thead>
<tr>
<th>COUNTY’S UNEMPLOYMENT RATE</th>
<th>GRANT IN RELATION TO ELIGIBLE COST OF OPENING NEW WORKPLACES (PER EMPLOYEE)</th>
<th>STRATEGIC BUSINESS SUPPORT ACTIVITIES (+25%)</th>
<th>TECHNOLOGY CENTERS (+50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 10%</td>
<td>10% up to EUR 1,500</td>
<td>12.5% up to EUR 1,875</td>
<td>15% up to EUR 2,250</td>
</tr>
<tr>
<td>10 - 20%</td>
<td>15% up to EUR 2,000</td>
<td>18.75% up to EUR 2,500</td>
<td>22.5% up to EUR 3,000</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>20% up to EUR 3,000</td>
<td>25% up to EUR 3,750</td>
<td>30% up to EUR 4,500</td>
</tr>
</tbody>
</table>

http://www.mingorp.hr/default.aspx?id=26
IV. TAX REGIME

Real estate transfer tax (The Real Estate Transfer Tax Law, Official Gazette 69/97, 26/02, 117/00, 153/02)
Tax rate is 5%. Real estate transfer tax is regulated by The Real Estate Transfer Tax Law.
Real estate are: lands (agricultural, constructional and other lands) buildings (residential, business and all other buildings and their parts).

Corporate income tax (The Profit Tax Act, Official Gazette NN 177/04, 90/05, 57/06, 146/08, 80/10))
The taxpayers are all companies in Croatia which are dealing with economic activities, performing the economic activity in order to achieve a profit. The tax base is a profit which is determinate according to the accounting rules and it is determinate for the tax period which is generally the calendar year.
Corporate income tax rate is 20% on determinate tax base
Tax benefit: for entrepreneurs are 0% in first 10 years, if investment amount is over 8 mil € and number of new open work places at least 75..

The Value added tax (Value Added Tax Act, Official Gazette 47/95, 106/96, 164/98, 105/99, 54/00, 73/00, 127/00, 86/01, 48/04, 82/04, 90/05, 76/07, 87/09, 94/09)
The value added tax is payable on the delivery of all types of goods and all provided services in the country, tax rate is 23%.

Income tax (The Income Tax Act, Official Gazette 177/04, 73/08, 80/10)
The taxpayer is a person resident of non-resident, who acquires an income from different sources: receipts generated form paid work, self-employment, property and property rights, capital, insurance and other receipts. Amount of basic personal deduction is 1.800,00 kuna.
The income tax is payable at the rate of:
12% (over 3600 kn monthly)
25% (from 3.600,00 to 10.750,00 kn monthly)
40% (over 10.750 kn monthly)
**Trade name tax**

Taxpayer is legal entity registered for performance economic activity. Amount of tax is up to 280€ for each trade name per year, it can be less according to the decision of the city or community.

**PAYROLL TAXES**

a) Paid vacation, warm meal, expenditure of travelling to work, Christmas bonus (per business)
b) Pension and disability contribution – 1st pillar 15%, 2nd pillar 5%
c) Health insurance contribution – 15%
d) Paid vacation minimum 18 days, everything else depends on the employment contract
e) Employment contribution – 1,7%
f) Employment of persons with disabilities – 0,2%
g) Work related injuries – 0,5%

In the Republic of Croatia working week lasts 40 hours..
Minimum wage in Croatia is 266,09 Eur (net).

http://www.porezna-uprava.hr/
## V. CONSTRUCTION

### Directions for facility construction:

**Development of Project:**
1. Technological Project documentation
2. Development of Preliminary Project Design (PPD)
3. Analysis of the PPD

### Approval of Location permit:

4. Opinion regarding PPD
5. Environmental impact assessment
6. Issuing of Location permit

### Approval of Building permit:

7. Designing of Main project
8. Issuing of Building permit
9. Designing of Final project

### Approval of Work permit:

10. Executing the project
11. Technical review and issuing of Work permit

### Government bodies involved

3. Analysis of the PPD – Ministry of Environmental protection, Physical Planning and Construction
4. Opinion regarding PPD – Ministry of Environmental protection, Physical Planning and Construction
6. Issuing of Location permit – Ministry of Environmental protection, Physical Planning and Construction
7. Issuing of Building permit – Ministry of Environmental protection, Physical Planning and Construction

**Technical assistance:**
Department for physical planning, construction and environmental protection
Antuna Nemačka 5, 48 000 KOPRIVNICA
Tel: 385 48 220-155

**E-mail:** drazen.kozjak@kckzz.hr
VI. BUSINESS PERMITS

Work permit instructions

The foreigner can work on the basis of work or business permit. The foreigner can work without work or business permit in the cases determined by Law on Foreigners. (Oficial Gazzette 79/07, 36/09)

Work permit:

Request for the work permit issuing should be submitted by legal or physical person who employs a foreigner (employer) to the competent Police Administration, which makes a decision and deliver it to the employer. Work permit should be issued for a limited time which is equal to the time on which employment is established, longest up to one year.

Business permit:

Business permit refers only on work permit in the Republic of Croatia, and foreigner is obligated, before work beginning, to have a temporary stay approval in work purpose, together with issued business permit. Business permit should be issued:

- To the own company founder in the Republic of Croatia – request should be submitted to the Police Administration according to the company or craft headquarter, with Croatian Chamber of Commerce agreement through the competent County Chamber of Commerce (www.hgk.hr)
- To the craft owner
- To the foreigner who is dealing with free profession
- To the foreigner who provide services on foreign employer behalf

More informations: www.hgk.hr
Nezaposleni prema razini obrazovanja i spolu krajem prosinca 2010.

VII. HUMAN RESOURCES

About 3,000 unemployed people has secondary professional qualification

<table>
<thead>
<tr>
<th>Category</th>
<th>Gross</th>
<th>Net</th>
<th>EUR(net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum wage in Croatia</td>
<td>2814</td>
<td>1956</td>
<td>266,09</td>
</tr>
<tr>
<td>Processing industry</td>
<td>6617</td>
<td>4670</td>
<td>635,37</td>
</tr>
<tr>
<td>Food processing industry</td>
<td>6567</td>
<td>4663</td>
<td>634,42</td>
</tr>
<tr>
<td>Pharmaceutical industry</td>
<td>8720</td>
<td>5931</td>
<td>806,94</td>
</tr>
<tr>
<td>County average</td>
<td>5846</td>
<td>4246</td>
<td>577,69</td>
</tr>
</tbody>
</table>

More informations: [www.hzz.hr](http://www.hzz.hr)
VIII. COMPANY ESTABLISHMENT

ESTABLISHING A COMPANY IN CROATIA IN 4 STEPS IN 15 DAYS

TYPES OF COMPANIES: defined by the Companies Act

LIMITED LIABILITY COMPANY - the lowest amount for base capital min. 2.800 eur

JOINT STOCK COMPANY - the lowest amount for base capital min. 28.000 eur

SELECTING NAME OF THE COMPANY - check the register; website of the Ministry of Justice: http://sudreg.pravosudje. to find out whether a company by the chosen name already exists

1. **STEP ONE: HITRO.HR SERVICE AT THE FINANCIAL AGENCY (FINA)**

   you can find all the information you need about procedures for establishing a company; forms for founding company, payment slip, list of the banks...

2. **STEP TWO: NOTARY PUBLIC**

   Applications for Entry in the Court Register (PO form), Articles of Association- a Social Contract or Declaration of Establishment of a Company with certain enclosed documents must be verified by notary public

3. **STEP THREE: HITRO.HR SERVICE AT THE FINANCIAL AGENCY (FINA)**

   The Decision on Entry in the Court Register and the Notification of Classification of Activities with business identification number are collected at the HITRO.HR counter
   You can arrange the making of an official company stamp and opening of your account at the HITRO.HR
   Registrations of the company, owner/s and employees, will be executed electronically with Croatian Pension Insurance (HZMO) and the Croatian Health Insurance (HZZO) at the HITRO.HR counter
4. **STEP FOUR: HITRO.HR SERVICE AT THE FINANCIAL AGENCY (FINA)**

Documentation required must be submitted to the Commercial court, which shall issue a resolution regarding establishing a company.

After your company has been entered in the Court Register and the Register of the Central Bureau of Statistics you must:

Register your company with Tax Authority for the purpose:

1. entering the company into the Register of Income Tax and VAT Payers

Documents: the Decision on Entry in the Court Register, the Notification of Classification, and the Signature Card

Cost of the application process:
- Cost of public notary: cca 700 EUR
- Cost of publishing the court register entry in the Official Gazette: cca 130 EUR
- Commercial court fee: 55 EUR
- Central Bureau of Statistics fee: 8 EUR

**Contacts:** Free info line: 0800 0800
desk counters at the Financial Agency - FINA

[info@hitro.hr](mailto:info@hitro.hr)
[www.hitro.hr](http://www.hitro.hr)
## IX. SUPPORT INSTITUTIONS

### KOPRIVNICA-KRIŽEVCI COUNTY
- **Department for Economics and Communal Affairs**  
  48000 KOPRIVNICA  
  Tel: +385 48 658 231,  
  +385 48 658 235  
  E-mail: [marijan.stimac@kckzz.hr](mailto:marijan.stimac@kckzz.hr)

- **Department for physical planning, construction and environmental protection**  
  48000 KOPRIVNICA  
  Tel: +385 48 220 155  
  E-mail: [drazen.kozjak@kckzz.hr](mailto:drazen.kozjak@kckzz.hr)

- **MINISTRY OF ECONOMY, LABOUR & ENTREPRENEURSHIP**  
  DIRECTORATE FOR ECONOMIC DIPLOMACY, EXPORT & INVESTMENTS  
  Ulica grada Vukovara 78  
  10 000 Zagreb  
  tel: +385 1 6106 114  
  fax: +385 1 6109 114

- **TOURIST BOARD of Koprivnica-Križevci County**  
  Antuna Nemčića 5  
  48000 KOPRIVNICA  
  Tel: +385 48 624-408  
  E-mail: [ured@tz-kckz.com](mailto:ured@tz-kckz.com)

- **INSTITUTE FOR PHYSICAL PLANNING of Koprivnica-Križevci County**  
  Trg bana Josipa Jelačića 15/II  
  48000 KOPRIVNICA  
  Tel: +385 48 624 406  
  E-mail: [prostorno-uredjenje@kckzz.htnet.hr](mailto:prostorno-uredjenje@kckzz.htnet.hr)

### CROATIAN CHAMBER OF ECONOMY
- **COUNTY CHAMBER KOPRIVNICA**  
  Josipa Vargovića 4  
  48000 KOPRIVNICA  
  Tel: +385 48 674 560  
  E-mail: [hgkkc@hgk.hr](mailto:hgkkc@hgk.hr)

### MINISTRY OF FINANCE
- **TAX ADMINISTRATION**  
  REGIONAL OFFICE KOPRIVNICA  
  Hrvatske državnosti 7  
  48000 Koprivnica  
  Tel. 385 48-289-555  
  Fax. 385 48-622-868

### PORA
- **Regional Development Agency of Podravina and Prigorje**  
  Braće Radić 2/1  
  48000 KOPRIVNICA  
  Tel: +385 48 621 978  
  E-mail: [info@pora.com.hr](mailto:info@pora.com.hr)

### CROATIAN EMPLOYMENT SERVICE
- **Regional office Križevci**  
  Kralja Tomislava 20  
  48260 KRIŽEVCI  
  TEL: +385 48 681 904  
  [HZZ.Krisevci@hzz.hr](mailto:HZZ.Krisevci@hzz.hr)

- **Regional office Križevci, Local office Đurđevac**  
  Trg Svetog Jurja 1  
  48350 Đurđevac  
  Tel: +385 48 812 057  
  [HZZ.Krisevci@hzz.hr](mailto:HZZ.Krisevci@hzz.hr)

- **Regional office Križevci, Local office Koprivnica**  
  Ivana Meštrovića 25  
  48000 Koprivnica  
  Tel: +385 48 622 516  
  [HZZ.Krisevci@hzz.hr](mailto:HZZ.Krisevci@hzz.hr)