

Croatia - Information on residency for tax purposes

Section I – Criteria for Individuals to be considered a tax resident

A resident shall be a natural person who has domicile or habitual residence in the Republic of Croatia.

A resident shall also be a natural person who has neither domicile nor habitual residence in the Republic of Croatia but is employed in the civil service of the Republic of Croatia and receives a salary on that basis.

It shall be considered that a taxable person has domicile where he owns an apartment or he has one in his possession for at least 183 days in one or two calendar years in Republic of Croatia. The actual stay in the apartment shall not be required.

If a taxable person in the Republic of Croatia owns or has in his possession more apartments, permanent residence relevant to taxation shall be determined according to the permanent residence of the family, and for a taxable person who is a single person according to the place in which he predominantly reside or from which he predominantly departs to work or to perform certain activity.

If a taxable person has a permanent residence in the Country and abroad, it shall be considered that he has a permanent residence in the Country.

Habitual residence shall be held by a taxable person in the place in which he stays under circumstances based on which it may be concluded that he does not reside in that place or area only temporarily. Habitual residence shall be considered continuous or time-linked stay for at least 183 days in one or two calendar years. For the determination of habitual residence short interruptions in the stay not exceeding a period of one year shall not be considered important.

Relevant tax provisions:

Article 3 of the Income Tax Act

http://www.porezna-uprava.hr/en_propisi/layouts/in2.vuk.sp.propisi.intranet/propisi.aspx#id=pro2

Article 38 of the General Tax Act

http://www.porezna-uprava.hr/en_propisi/layouts/in2.vuk.sp.propisi.intranet/propisi.aspx#id=pro117

Section II – Criteria for Entities to be considered a tax resident

Residents shall be legal or natural persons whose seat shall been enrolled in the Register of Companies or another register in the Republic of Croatia, or whose place of effective management and control of business is in the Republic of Croatia. Residents shall also be entrepreneurs-natural persons with domicile or habitual residence in the Republic of Croatia, whose business activity is enrolled in a register or other records.

It shall be considered that a taxable person has domicile where he owns an apartment or he has one in his possession for at least 183 days in one or two calendar years. The actual stay in the apartment shall not be required.

If a taxable person in the Republic of Croatia owns or has in his possession more apartments, permanent residence relevant to taxation shall be determined according to the permanent residence of the family, and

for a taxable person who is a single person according to the place in which he predominantly reside or from which he predominantly departs to work or to perform certain activity.

If a taxable person has a permanent residence in the Country and abroad, it shall be considered that he has a permanent residence in the Country.

Habitual residence shall be held by a taxable person in the place in which he stays under circumstances based on which it may be concluded that he does not reside in that place or area only temporarily. Habitual residence within the meaning of this Act shall be considered continuous or time-linked stay for at least 183 days in one or two calendar years. For the determination of habitual residence short interruptions in the stay not exceeding a period of one year shall not be considered important.

Relevant tax provisions:

Article 3 of the Profit Tax Act

http://www.porezna-uprava.hr/en_propisi/_layouts/in2.vuk.sp.propisi.intranet/propisi.aspx#id=pro5

Article 38 of the General Tax Act

http://www.porezna-uprava.hr/en_propisi/_layouts/in2.vuk.sp.propisi.intranet/propisi.aspx#id=pro117

Section III – Entity types that are as a rule not considered tax residents

Tax residency is connected with legal personality. Entity that has no legal personality can't be resident. Some entity with legal personality that are considered to be resident are not considered to be taxpayers unless they are engage in an economic activity and the non-taxation of this activity would result in their obtaining of unjustified privileges on the market (e.g. the state administration bodies, bodies of regional and local self-government, and the Croatian National Bank, State institutions, institutions of units of regional and local self-government, state institutes, religious communities, political parties, trade unions, chambers, civic organisations, artists associations, volunteer fire companies, technical culture communities, tourist boards, sports clubs, sports associations and unions, endowments and foundations).

Section IV – Contact point for further information

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