

Croatia Dispute Resolution Profile

(Last updated: 15 September 2023)

General Information

- **Croatia tax treaties are available at:**

The list of tax treaties, including the number of relevant Official Gazette of the Republic of Croatia in which they were published, is available on the following website of the Ministry of Finance Tax Administration:

In Croatian: <http://www.porezna-uprava.hr/bi/Stranice/Dvostruko-oporezivanje.aspx>

In English: http://www.porezna-uprava.hr/en/EN_porezni_sustav/Pages/double_taxation.aspx

Official Gazettes of the Republic of Croatia are available on the following website: <http://narodne-novine.nn.hr/>

- MAP request should be made to:

Republic of Croatia, Ministry of Finance, Croatian Tax Administration, Central office

Boskovicova 5, 10 000 Zagreb, Croatia

Phone: +385 1 4809 000 / Fax: +385 1 4809 129 / E-mail: map-hr@porezna-uprava.hr and su_pis@porezna-uprava.hr

- APA request should be made to:

Republic of Croatia, Ministry of Finance, Croatian Tax Administration, Central office

Boskovicova 5, 10 000 Zagreb, Croatia

Phone: +385 1 4809 000 / Fax: +385 1 4809 129 / E-mail: sporazum.tc@porezna-uprava.hr and su_pis@porezna-uprava.hr

Croatia Dispute Resolution Profile – Preventing Disputes

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
A. Preventing Disputes				
1.	Are agreements reached by your competent authority to resolve difficulties or doubts arising as to the interpretation or application of your tax treaties in relation to issues of a general nature which concern, or which may concern, a category of taxpayers published?	See detailed explanation	Such agreements may be published where they are providing guidance and may be useful to prevent future disputes, and where such publication is agreed by competent authorities.	On the website of the Ministry of Finance – Tax Administration http://www.porezna-uprava.hr/HR_publikacije/Stranice/lista-misljenja.aspx http://www.porezna-uprava.hr/Stranice/Naslovnica.aspx
2.	Are bilateral APA programmes implemented? If yes:	Yes	-	On the website of the Ministry of Finance – Tax Administration https://www.porezna-uprava.hr/trgovacka_drus-tva/Stranice/Prethodni_sporazum_o_transfernim_cijenama.aspx Profit tax Act (Article 14.a) Consolidated text, "Official Gazette" no. 177/04, 90/05, 57/06, 146/08, 80/10, 22/12, 148/13, 143/14, 50/16,

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				<p>115/16, 106/18, 121/19, 32/20, 138/20, 114/22 https://www.porezna-uprava.hr/en_propisi_layouts/15/in2.vuk2019.sp.propisi.intranet/propisi.aspx?id=gru3</p> <p>Ordinance on the procedure of concluding APA in the Official Gazette No. 42/17, 156/22 https://www.porezna-uprava.hr/hr_propisi_layouts/15/in2.vuk2019.sp.propisi.intranet/propisi.aspx?id=pro1721</p>
a.	<ul style="list-style-type: none"> Are roll-back of APAs provided for in the bilateral APA programmes? 	See detailed explanation	<p>Croatia did not implement roll-back of APAs in its legislation, but in practice it could be possible.</p> <p>Croatia currently has only one unilateral APA concluded, which had a roll-back effect (the request was submitted in the tax year preceding the first year of APA application however, the APA was applied also to that previous year). In practice it could be possible to apply the same to bilateral APAs.</p>	-
b.	<ul style="list-style-type: none"> Are there specific timeline for the filing of an APA request? 	See detailed explanation	<p>For all APA cases, the Ordinance on the procedure of concluding APA in the Official Gazette No. 42/17, 156/22</p>	Ordinance on the procedure of concluding

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s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
			was published. The Ordinance on the procedure of concluding APA provides more detail on the implementation of the Corporate Income Tax Act, i.e. the procedure and manner, content, duration dates and cost amounts for concluding advance pricing agreements and contractual relations.	APA in the Official Gazette No. 42/17, 156/22 https://www.porezna-uprava.hr/hr_propisi/_layouts/15/in2.vuk2019.sp.propisi.intranet/propisi.aspx?id=pro1721
c.	<ul style="list-style-type: none"> Are rules, guidelines and procedures on how taxpayers can access and use bilateral APAs, including the specific information and documentation that should be submitted in a taxpayer's request for bilateral APA assistance, publicly available? 	See detailed explanation	For all APA cases, the Ordinance on the procedure of concluding APA in the Official Gazette No. 42/17, 156/22 was published. The Ordinance on the procedure of concluding APA provides more detail on the implementation of the Corporate Income Tax Act, i.e. the procedure and manner, content, duration dates and cost amounts for concluding advance pricing agreements and contractual relations.	Ordinance on the procedure of concluding APA in the Official Gazette No. 42/17, 156/22 https://www.porezna-uprava.hr/hr_propisi/_layouts/15/in2.vuk2019.sp.propisi.intranet/propisi.aspx?id=pro1721
d.	<ul style="list-style-type: none"> Are there any fees charged to taxpayers for a bilateral APA request? 	See detailed explanation	For all APA cases, the Ordinance on the procedure of concluding APA in the Official Gazette No. 42/17, 156/22 was published. The Ordinance on the procedure of concluding APA provides more detail on the implementation of the Corporate Income Tax Act, i.e. the procedure and manner, content, duration dates and cost amounts for concluding advance pricing agreements and contractual relations.	Ordinance on the procedure of concluding APA in the Official Gazette No. 42/17, 156/22 https://www.porezna-uprava.hr/hr_propisi/_layouts/15/in2.vuk2019.sp.propisi.intranet/propisi.aspx?id=pro1721

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e.	<ul style="list-style-type: none"> • Are statistics relating to bilateral APAs publicly available? 	Yes	Croatia contributes to statistics published by EU Joint Transfer Pricing Forum.	https://ec.europa.eu/taxation_customs/business/company-tax/transfer-pricing-eu-context/joint-transfer-pricing-forum_en

Croatia Dispute Resolution Profile – Preventing Disputes

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3.	Is training provided to your officials involved in the auditing /examination of taxpayers to ensure that any assessments made by them are in accordance with the provisions of your tax treaties?	Yes	Tax officials involved in the auditing/examination of taxpayers are generally trained to be tax experts. Transfer pricing principles are part of the course that are taught.	-
4.	Is other information available on preventing tax treaty-related disputes?	No	-	-

Notes:

1. An APA is an “arrangement that determines, in advance of controlled transactions, an appropriate set of criteria (e.g. method, comparables and appropriate adjustments thereto, critical assumptions as to future events) for the determination of the transfer pricing for those transactions over a fixed period of time”. (see definition of APA in the *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* (“Transfer Pricing Guidelines”)).
2. Situations may arise in which the issues resolved through an APA are relevant with respect to previous filed tax years not included within the original scope of the APA. The concept of “roll-back” is further elaborated in paragraph 4.136 of Section F (Advance pricing arrangement) of Chapter IV of the Transfer Pricing Guidelines and in paragraph 69 of Section D.4.2 (Possible retrospective application (“Roll back”)) of the Annex to Chapter IV (Guidelines for Conducting Advance Pricing Arrangements under the Mutual Agreement Procedure (“MAP APAs”)) of the Transfer Pricing Guidelines. Simply put, the “roll-back” of the APA is understood to mean that the outcome of the APA is applied to previous filed tax years not included within the original scope of the APA.

Croatia Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
B. Availability and Access to MAP				
5.	Are transfer pricing cases covered within the scope of MAP?	Yes	-	-
6.	Are issues relating to the application of treaty anti-abuse provision covered within the scope of MAP?	Yes	-	-
7.	Are issues relating to the application of domestic anti-abuse provision covered within the scope of MAP?	Yes	-	-
8.	Are issues where there is already an audit settlement between the tax authority and the taxpayer covered within the scope of MAP?	Yes	-	-
9.	Are double taxation cases resulting from bona fide taxpayer initiated foreign adjustments covered within the scope of MAP?	Yes	-	-
10.	Are there any other treaty related issues not covered under s/n 5 to 9 which are not within the scope of MAP?	No	-	-
11.	Are taxpayers allowed to request MAP assistance in cases where the taxpayer has sought to resolve the issue under dispute via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	Yes	When domestic remedies are pending in Croatia, the MAP-process will be stalled for the duration of these remedies, unless the taxpayer has informed the CA that these remedies have been suspended or terminated. In that situation, the MAP-process will be continued.	-

Croatia Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
12.	Are taxpayers allowed to request for MAP assistance in cases where the issue under dispute has already been decided via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	Yes	A taxpayer can request MAP assistance in situations where a decision has been rendered by a court. However, the competent authority cannot derogate in the MAP from a final court decision.	-
13.	Are rules, guidelines and procedures on how taxpayers can access and use MAP, including the specific information and documentation that should be submitted in a taxpayer's request for MAP assistance, publicly available?	Yes	-	https://www.porezna-uprava.hr/en/Documents/MAP%20Guidelines.pdf
14.	Are there specific timeline for the filing of a MAP request?	See detailed explanation	According to the OECD Model Tax Convention on the Income and on Capital of 2017, the taxpayer has to request the initiation of a MAP within three years from the first notification of the action resulting in double taxation, but the time limits are derived from each individual DTT. Most of the Croatian DTT contains this time limit of three years. However, some of them do not specify a deadline or contain a different time limit. In such cases, it is also in the taxpayers' interests to request the initiation of a MAP as quickly as possible.	-
15.	Are guidance on multilateral MAPs publicly available?	No	-	-
16.	Are tax collection procedures suspended during the period a MAP case is pending?	No	-	-

Croatia Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
17.	Are there any fees charged to taxpayers for a MAP request?	No	-	-
18.	Is there any other information available on availability and access to MAP?	See detailed explanation	<p>The availability of MAP is mentioned in each individual DTT and in published MAP guidelines.</p> <p>MAP's under EU Arbitration Convention</p> <p>MAP's under Dispute Resolution Mechanisms Directive 2017/1852.</p>	http://www.porezna-uprava.hr/en/EN_porezni_sustav/Pages/double_taxation.aspx https://www.porezna-uprava.hr/en/Documents/MAP%20Guidelines.pdf https://ec.europa.eu/taxation_customs/business/company-tax/transfer-pricing-eu-context/transfer-pricing-arbitration-convention_en https://ec.europa.eu/taxation_customs/business/company-tax/resolution-double-taxation-disputes_en_en

Croatia Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
C. Resolution of MAP Cases				
19.	Are there any model timeframes for the steps taken by your competent authority from the receipt of a MAP case to the resolution of the case provided to taxpayers?	See detailed explanation	<p>Timeframes can be found in published MAP guidelines. Timeframes can also be found in 2009 Revised Code of Conduct for the Effective Implementation of the EU Arbitration Convention.</p> <p>Also, timeframes can be found in Dispute Resolution Mechanisms Directive 2017/1852.</p>	https://www.porezna-uprava.hr/en/Documents/MAP%20Guidelines.pdf https://ec.europa.eu/taxation_customs/business/company-tax/transfer-pricing-eu-context/transfer-pricing-arbitration-convention_en https://ec.europa.eu/taxation_customs/business/company-tax/resolution-double-taxation-disputes_en_en
20.	Are statistics relating to the time taken to resolve MAP cases publicly available?	Yes	<p>MAP statistics specifically concerning the application of the EU Arbitration Convention and Dispute Resolution Mechanisms Directive 2017/1852 are on an annual basis published on the website of the EU Joint Transfer Pricing Forum.</p> <p>MAP statistics concerning DTTs as well as the EU Arbitration Convention and Dispute Resolution Mechanisms Directive 2017/1852 are also on an annual basis published on the website of the OECD. This includes</p>	https://taxation-customs.ec.europa.eu/joint-transfer-pricing-forum_en https://www.oecd.org/tax/dispute/oecd-releases-new-mutual-agreement-procedure-statistics-and-country-awards-on-the-

Croatia Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
			information on the average time taken to resolve MAP cases.	resolution-of-international-tax-disputes.htm https://www.oecd.org/tax/dispute/2021-map-statistics-croatia.pdf
21.	Is interest or penalties resulting from adjustments made pursuant to a MAP agreement waived or dealt with as part of the MAP procedure?	No	-	-
22.	Are the roles and responsibility of the MAP office publicly available, for example, is the mission statement of the MAP office available in the <i>annual</i> report of the organisation?	No	-	-
23.	Is MAP arbitration a mechanism currently available for the resolution of tax treaty related disputes in any of your tax treaties? If not:	See detailed explanation	Croatia's treaty policy is not to include arbitration in its DTTs. However, in two DTTs (with Italy and Netherlands) Croatia has an arbitration provision that refers to voluntary arbitration. Arbitration is available for MAP's initiated under EU Arbitration Convention and under Dispute Resolution Mechanisms Directive 2017/1852.	-
a.	• Are there any legal limitations in your domestic law (for example in your constitution) to include MAP arbitration in your tax treaties?	No	-	-
b.	• Does your treaty policy allow you to include MAP arbitration in your tax treaties?	No	Croatia's treaty policy is not to include arbitration in its DTTs.	-

Croatia Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
	arbitration in your tax treaties?			
24.	Is the explanation of the relationship between the MAP and domestic law administrative and judicial remedies publicly available? If yes:	Yes	It can be found in published MAP guidelines.	https://www.porezna-uprava.hr/en/Documents/MAP%20Guidelines.pdf
a.	<ul style="list-style-type: none"> • Does the guidance specifically address whether the competent authority considers that it is legally bound to follow a domestic court decision in the MAP or will not deviate from a domestic court decision as a matter of administrative policy or practice? 	No	-	-
25.	Are taxpayers allowed to request for multi-year resolution through the MAP of recurring issues with respect to filed tax years?	See detailed explanation	In general yes, but each request is dealt with on a case-by-case basis.	-
26.	Do all your jurisdiction's tax treaties contain a provision which would oblige your jurisdiction to make corresponding adjustments or to grant access to the MAP with respect to the economic double taxation that may otherwise result from a primary transfer pricing adjustment (i.e. is paragraph 2 of Article 9 of the OECD Model Tax Convention or the UN Model Double Taxation Convention included in all of your jurisdiction's tax treaties)?	No	<p>Paragraph 2 of Article 9 of the OECD Model Tax Convention is included in most but not all Croatian DTTs. Croatia, nevertheless, grants relief of economic double taxation in the course of MAP with respect to all treaty partners.</p> <p>Croatia is in favour of including paragraph 2 of Article 9 of the OECD Model Tax Convention in its treaties, when possible.</p>	-
27.	Is there any other information available on resolution of MAP cases?	No	-	-

Croatia Dispute Resolution Profile – Implementation of MAP Agreements

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
D. Implementation of MAP Agreements				
28.	Where the agreement reached by your competent authority through the MAP process leads to additional tax to be paid by your taxpayer, is there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for the additional tax to be paid?	No	-	-
29.	Where the agreement reached by your competent authority through the MAP process leads to a refund of the tax due or paid by your taxpayer, are there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for a refund of the tax paid?	No	-	-
30.	Are all mutual agreements reached through MAP implemented notwithstanding any time limits in your domestic law?	See detailed explanation	It depends on the text of the DTT. If the sentence "Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States." is not included in the text of the DTT domestic time limits shall be applied.	-
31.	Is there any other information available on the implementation of MAP agreements?	No	-	-