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Independent legal & accounting firms

Doing Business in Croatia

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Doing business in Croatia

MSI's guide on Doing Business in Croatia provides current information about the financial, regulatory and legal considerations that could affect business dealings within Croatia. For further assistance please contact our MSI member firm in Croatia.

Country overview

Position

Croatia has strategic location on the Adriatic coast at the intersection of major European transport routes.



State Organisation

Croatia is a Republic.

The government authority in the Republic of Croatia is organized according to the principle of the separation of powers into legislative, executive, and judicial branches, and is limited by the Constitutionally guaranteed right to local and regional self-government. The holder of legislative power is the Croatian Parliament, executive power is exercised by the Government of the Republic of Croatia, and judicial power is exercised by the courts.

The President of the Republic represents and acts on behalf of the Republic of Croatia both domestically and internationally.

Local self-government units consist of municipalities and cities, while regional self-government units consist of counties.

Languages & Currency

The national language is Croatian, and the national currency is the Euro.

Economic summary (2025)[1]

Population: near 4 million
GDP current prices: EUR 92,975 million
GDP per capita: EUR 23,986
GDP - year-on-year rate of growth (in %, constant prices): 3.4
Avg. HICP year-on-year inflation rate: 4.4
Avg. CPI year-on-year inflation rate: 3.7
Exports (as of % GDP): 48.4
Imports (as of % GDP): 53.4

Main business sectors & hubs

Croatian modern transport network—highways, deep-sea ports, rail links, and growing digital infrastructure - supports regional and global trade.

Its economy is mainly driven by tourism, trade, transport, and other service industries, while manufacturing plays a much smaller role than in the past. Tech, energy, logistics, and advanced manufacturing sectors are expanding.

In recent years, the economy has remained relatively resilient, although inflation, despite easing from post-pandemic highs, continues to put pressure on household budgets and consumer prices.

Zagreb (the capital) is principal business hub, while Split, Rijeka, and Osijek are also important regional hubs. Zagreb has a special administrative status as both a city and a county, performing the functions of both local and regional self-government.

EU member state / Eurozone member

Croatia is a member state of the European Union since mid-2013 and has also been a member of the Eurozone and in Schengen since 1 January 2023.

These memberships provide businesses with access to the EU single market and facilitate the free movement of goods, services, capital and persons across the European Union. Furthermore, the adoption of the euro has eliminated exchange rate risk in transactions within the Eurozone and contributed to a more predictable and stable business environment.

Croatia also benefits from EU cohesion funding, which supports economic development and investment across various sectors.

Furthermore, the continued digitalization of public administration has enhanced access to government services and simplified a wide range of administrative procedures for businesses and individuals alike.

[1] Source: https://www.hnb.hr/en/statistics/main-macroeconomic-indicators

Why invest in Croatia

In addition to its strong tourism potential, the country presents significant opportunities in renewable energy, especially wind farms and green infrastructure, supported by favourable terrain and climate. Its strategic position at the crossroads of Central Europe, the Balkans and the Mediterranean, combined with well-developed seaports, transport corridors and logistics hubs, makes Croatia a natural gateway for trade and a competitive base for manufacturing, distribution and production industries.

With fertile agricultural land and an increasing focus on sustainable, high-quality food production, the country further opens doors for modern agribusiness and value-added processing. Croatia's rapidly growing IT sector—supported by a skilled workforce, competitive operating costs and strong innovation hubs—has positioned the country as an emerging tech destination in the region. Together, these assets position Croatia as a dynamic, well-connected market offering long-term growth across multiple sectors.

Agricultural production remains relatively modest in light of the country's natural potential, creating opportunities for investors to capture value not only through primary production but also through the development of integrated supply chains spanning processing, packaging, branding and distribution.

Setting up a business in Croatia

Different organisational forms available

Under the Croatian law, a foreign individual or company may operate in Croatia in different organisational forms, e.g.

- a corporate legal entity / company established in Croatia in line with the Croatian Company law and registered in the Croatian Trade Court register (e.g. limited liability company ("d.o.o."), simple limited liability company ("j.d.o.o."), joint-stock company ("d.d."), etc.),
- a branch of a foreign legal entity / company registered in the Croatian Trader Court register but without being a separate legal entity,
- some other special organisational forms established and registered in Croatia for statutory purposes (e.g. non-profit association registered in the Croatian Register of Associations),
- a craft,
- some other special forms registered only for tax purposes, etc.

Minimum share capital of a company depends on relevant company form, e.g. for simple limited liability company = EUR 1.00; for limited liability company = EUR 2,500.00.

Which organisational form(s) of doing business may be applicable, may depend on circumstances (e.g. special conditions imposed by special sectoral rules and/or regulatory framework for certain businesses, commercial reasons, etc.). Different organisational forms of doing business can also lead to different tax implications, and in some cases tax differences may be significant.

Croatian personal identification number ("OIB")

Obtaining of Croatian Personal Identification Number ("OIB"), used also as tax ID number, shall generally be required in case of doing business in Croatia, and in some cases even in case of doing with Croatia from another country (e.g. in case this triggers taxation of a foreigner doing such business). Obtaining the Croatian OIB is usually fast and simple.

Different registrations

Different organisational forms may trigger a need for some different registrations and/or formal steps (e.g. register of a company in the Croatian Trade Court register, National Classification of Activities' registration, Register of Beneficial Owners' registration, registrations with the Croatian authorities in charge for obligatory social security, etc.).

Sector-specific registrations and approvals or other requirements

Certain business activities may be subject to additional regulatory requirements, permits or approvals that should be assessed before commencing operations.

Registration procedure

In Croatia, many business registrations can be completed online. However, to ensure that all procedural steps are properly understood and that the most appropriate options are selected, as well as to minimize the risk of omissions or errors (including those arising from language barriers), it is advisable, and in some cases necessary, to engage relevant professionals, such as legal counsel for non-tax legal registrations and certified tax advisers for tax registrations.

Corporate governance

Depending on the chosen organisational form, certain corporate bodies (e.g. directors, management board members or supervisory board members) may need to be appointed and registered with the competent authorities.

Registered office and business address

Most organizational forms require a registered office address in Croatia, which must generally be provided during the registration process and maintained throughout the business's operation.

Communication with authorities

Businesses should ensure that they can receive and respond to official communications from Croatian authorities in a timely manner following registration.

Timeline and planning

The time required to establish a business in Croatia may vary depending on the chosen organizational form, the complexity of the ownership structure and whether any additional permits, registrations or approvals are required. When considering to set up a business in Croatia, it is advisable that relevant initial tax registrations are considered timely, and where applicable, undertaken timely

Accounting in Croatia

Financial year

The calendar year is a standard reporting period for financial reporting (i.e. preparation and publishing of annual financial statements) in line with accounting regulations. However, in some cases it is possible to choose different financial reporting period, while in some specific cases different financial reporting period results from some specific circumstances as prescribed by law (e.g. in case of the start/termination of business).

Relevant currency and language for accounting/financial reporting

Croatian language and EUR are applicable.

The Croatian Accounting Act/IFRS or CFRS

The Croatian Accounting Act is the major regulation in Croatia applicable to Croatian companies and the Croatian branches of foreign companies as well as in some specific cases (e.g. if a craft optionally applies corporate income taxation instead of personal income taxation).

The Croatian Accounting Act prescribes for the application of either the Croatian Financial Reporting Standards ("CFRS") or International Financial Reporting Standards ("IFRS") where relevant IFRS means those as defined in Article 2 of Regulation (EC) No. 1606/2002.

A person subject to the Croatian Accounting Act shall be classified as micro, small, medium-sized, or large depending on the prescribed criteria determined as at the last day of the financial year preceding the financial year for which the annual financial statements are prepared. Certain entities (e.g. banks and other financial institutions) are categorized in large category.

Micro, small and medium-sized entrepreneurs apply CFRS, while large entrepreneurs and public-interest entities apply IFRS, and in some cases there is an option to apply IFRS instead of CFRS (e.g. a Crotian subsidiary where a foreign parent applies IFRS).

Keeping of accounting documents/records

Accounting documents are kept in original (as a default rule) for certain prescribed limited time or permanently, where permanent keeping is restricted to certain most important accounting documents (e.g. analytical salary records must be kept permanently). Accounting records can be stored in Croatia, but also in another EU member state, subject to their adequate availability and in some specific cases subject to other conditions.

Filing of annual financial statements

Companies must submit their annual financial statements using prescribed forms and electronically to relevant Agency "FINA".

Statutory audit

Statutory audit is necessary for annual separate or consolidated FS of:

- all public-interest entities,
- all large and medium-sized entities,
- a parent company of a large or medium-sized group (subject to certain exemptions for small groups);
- joint-stock companies ("d.d."), limited partnerships ("k.d.") and limited liability companies ("d.o.o.") if they exceed at least two of the following three thresholds in the preceding year:
  - total assets of EUR 2.5 million,
  - net revenue of EUR 5 million,
  - an average of 25 employees;
- in case of applying for the admission to stock exchange,
- in case of certain corporate restructurings,
- in case of some other specific requirements/reasons.

Sustainability reporting

The Croatian Accounting Act also contains certain rules related on sustainability reporting, which must be prepared if certain conditions are met.

Other accounting regulations/basis

Where the Croatian Accounting Act is not applicable, some other basis of accounting may be applicable (e.g. in case of a craft subject to personal income tax where simplified accounting on cash basis may be applicable).

Taxation in Croatia

Main taxes

Income taxation is primarily based on:

- Croatian corporate income tax (CIT) or
- Croatian personal income tax (PIT).

However, only CIT or PIT can be applicable on the same income earned by the same person/entity.

When corporate income is earned, its generation triggers CIT taxation at corporate level, while additional PIT taxation or additional withholding CIT taxation can be triggered by corporate income (profit) distribution i.e. payment of dividends in which case this additional taxation is at the level of a dividend recipient and triggered by dividend distribution, not triggered by corporate income (profit) generation. Dividends are taxed as follows:

- Dividends paid between two Croatian companies/Croatian tax residents are not subject to tax.
- Dividends paid to foreign company or other legal entity can be subject to withholding tax CIT at 10%, but in many cases tax exemption or reduction may be possible (in line with DTTs and/or national rules based on EU "Parent-Subsidiary" Directive).
- Dividends paid to individuals are generally subject to PIT, but in case of individuals who are residents of another countries for DTT purposes, tax reduction or exemption may be possible, depending on circumstances.

Quite significant burden can result from the payment of:

- Croatian obligatory social security contributions (SSC).

SSC are usually partly withheld from gross income (e.g. employee's portion withheld from salary for pension insurance) and partly added on top of income (e.g. employer's portion added on top of gross salary for health insurance).

Turnover taxation is primarily based on:

- Croatian value added tax (VAT) or
- Croatian real estate turnover tax (RETT).

There are some other tax categories, but these are usually less significant.

There are also different so called parafiscal dues, but they are also usually less significant.

Corporate Income Tax (CIT)

Corporate Income Tax (CIT) is levied on the profits of companies and other corporate taxpayers, and in some exceptional cases a craft/an individual can be subject to CIT instead of PIT. The applicable CIT rate is 10% for taxpayers with annual revenues of up to EUR 1 million, and 18% for taxpayers whose revenues exceed that threshold.

Minimum global corporate taxation (so called Pillar 2)

Croatia has implemented the Pillar Two framework, introducing a global minimum tax regime for multinational enterprise groups and large-scale domestic groups meeting the applicable revenue threshold. The rules generally apply to business groups, including their constituent entities in Croatia, with consolidated annual revenues of at least EUR 750 million during the relevant period. While Pillar Two is intended to ensure a minimum effective corporate income tax rate of 15%, various transitional measures, including safe harbor provisions, are available during the initial years of application and may reduce compliance burdens in certain cases.

Withholding Tax (WHT) as part of CIT system

Certain payments made to Croatian tax non-residents (not individuals) may be subject to Croatian withholding tax, particularly dividends, interest (with some exceptions, e.g. bond interest is not subject to WHT), royalties and certain service fees. Croatian withholding tax rate is generally 15%, with special rate for dividends 10% and with special rate of 25% for certain payments to Croatian tax non-residents from non-cooperative jurisdictions, and also some withholding exemptions or reduced rates may apply pursuant to applicable DTT or special domestic rules implemented based on EU directives.

Personal Income Tax (PIT)

Personal Income Tax (PIT) applies to income earned by individuals, including employment income, self-employment income, income from capital, income from property and so called "other income". Some categories of income are subject to annual aggregate (more categories of income put together) taxation based on two-tier progressive tax tariff, where EUR 60,000 per year is taxed at a lower rate, while a portion exceeding that limit is taxed at a higher rate. Both rates are determined by local authorities within statutory ranges: where the lower PIT rate generally ranges from 15% to 23%, and the higher PIT rate from 25% to 33%, depending on the taxpayer's municipality or city of residence.

Some other categories of income are taxed with PIT without aggregation and progression on annual level at applicable special flat PIT rate, e.g. dividends and interest (unless tax exempt) at the rate of 12%, capital gains from disposal of financial assets at the rate of 12% (unless tax exempt e.g. in case of a disposal which took place at least 2 years after the acquisition), rental income where taxation may depend on different factors and where in some cases PIT rate of 12% is applicable to reduced base resulting in (if all condition are fulfilled) quite low PIT burden of only 8,4% of rental receipts (i.e. 12% of 70% of receipts which gives 8,4%), gains from disposal of real estate or property right where flat rate PIT of 24% is applicable and in some cases such gains can be PIT exempt, etc.

Obligatory Social Security Contributions (SSC)

Employment income is also subject to mandatory social security contributions. Contributions for pension insurance are generally withheld from the employee's salary at the aggregate rate of 20%, while employers are required to pay health insurance contributions at a rate of 16.5% on top of the gross salary.

Obligatory SSC are also paid based on some other income categories (e.g. "other income") and in some cases SSC are paid on the base which is not actually earned income but on some other base (e.g. in case of a member of the board of directors, unless he can prove exemption from this special obligation).

Value Added Tax (VAT)

The principal indirect turnover tax in Croatia is Value Added Tax (VAT), which applies to most supplies of goods and services. The standard VAT rate is 25%, while reduced rates of 13% and 5% apply to specific categories of goods and services prescribed by law. Different VAT exemptions are applicable.

Real Estate Transfer Tax (RETT)

The transfer of real estate is generally subject to Real Estate Transfer Tax ("RETT") at a rate of 3%.

However, RETT does not apply where the acquisition of real estate is subject to Value Added Tax (VAT). In particular, VAT at the standard rate of 25% generally applies to supplies of building land and newly constructed buildings (or parts thereof), including the land on which they are situated, where the supply takes place before first occupation or use, or within two years of the date of first occupation or use.

Other taxes

There are also some other taxes (e.g. tax on gifts and inheritance, motor vehicle tax, vessel tax, tax on amusement machines, special tax on motor vehicles, tax on real estate, excise duties, etc.).

Tax advantages

Croatian tax system offers different opportunities for tax exemptions as well as for low or preferential tax burden of certain transactions, including, but not limited, to the following:

- PIT capital gains exemption on disposal of financial assets held for at least 2 years,
- PIT on dividend income at a quite low rate of 12%,.
- different categories of interest income exempt from PIT,
- PIT capital gains exemption on disposal of real estate property held for at least 2 years (but only if some other additional rules do not lead to taxation, where the aim is that this exemption is granted only if disposals are not too frequent),
- rental income effectively taxed with PIT at about 8.4%, as 12% tax applies only to 70% of gross rental revenue (if certain conditions are fulfilled),

- favourable PIT treatment designed to encourage employee and management equity participation under certain conditions (were employment income or other income is recategorized for tax purposes into income from capital category and taxed at the flat rate of PIT of 24% and fully exempt from SSC),
- while regular CIT rate is 18%, lower rate is only 10% (if annual gross revenue is up to EUR 1 million),
- small business can apply cash-accounting option for CIT,
- CIT exemption is available for certain categories of entities e.g. certain funds,
- other CIT reductions, incentives, etc. (e.g. maximal depreciation rates allowed for tax purposes are quite high, there are different additional tax base reductions e.g. for certain education costs, etc., there are some double tax deductions e.g. for certain categories of sponsorships, there are some tax incentives in line with special regulations, e.g. Act on Investment Promotion, etc.),
- some tax benefits for "digital nomads" (available for foreigners from third countries not EU, during limited period of time),
- etc.

Extensive Protections for Cross-Border Taxation Based on Bilateral Agreements for avoidance of double taxation (DTTs)

Croatia has extensive DTT coverage with countries worldwide, supporting international business and investment activities. DTTs eliminate double taxation and provide for reduced withholding taxes in some cases, enabling efficient corporate structuring and profit repatriation. Also, DTTs may help clarifying residency and tax treatment in some cases, and they are especially relevant for cross-border workers and investors.

DTTs signed by Croatia commonly align with OECD principles and anti-avoidance rules, enhancing transparency and reliability. Also, Croatia is contracting party to The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI), but in the moment of preparing this brochure Croatia does not provide for synthesized texts of its DTTs amended by MLI, and official web page of the Croatian Tax Authorities provides only the original DTTs and does not show the versions as modified following the implementation of the MLI, so one should be careful when checking the provisions of relevant DTT to be sure that the proper version is taken into account.

Croatia's participation in EU social security coordination & bilateral agreements on social security

Croatia fully applies the EU's social security coordination rules, ensuring that people moving within the EU can maintain their social security rights and do not pay social security contributions in more than one country.

The coordination rules also apply beyond the EU to countries participating in the EU coordination system—namely the EEA countries (Iceland, Liechtenstein, Norway) and Switzerland.

Portable Document A1 (PD A1) confirms which country's social security legislation applies. It also uses other Portable Documents (PDs) and the European Health Insurance Card (EHIC) to support access to benefits across EU countries.

Croatia also applies social security coordination through bilateral agreements on social security with several non-EU countries, extending protection beyond the above mentioned EU framework.

Regulated Tax Advisory Profession

In line with the Croatian Act on Tax Advisory, Croatia requires only certified professionals to provide tax advisory services, ensuring high expertise and ethical standards. Certified tax advisors are entered in the register of the Croatian Chamber of Tax Advisors which is publicly available. Certified tax advisors (as well as lawyers) in Croatia are exempt from the obligation of submitting to the Tax Office information on reportable cross-border arrangements (in line with DAC6 rules), while this exemption does not apply to some other professionals (e.g. auditors, other financial consultants, etc.).

Licensed independent auditors and audit firms may also provide some tax advisory services, but only on a limited basis within the scope of audit business, without the right to sign tax returns, supervise tax record-keeping on an ongoing basis or represent taxpayers in tax procedures.

Tax-related registration procedures and tax filing requirements for taxpayers

Tax-related registration procedures and tax filing requirements highly depend on the form and nature of doing business in Croatia.

Investment incentives and other state aids, including tax-related incentives

Croatia's state aid policy for 2026-2028 is aligned with EU state aid rules and seeks to promote economic growth while limiting distortions of competition. The Government aims to further reduce the share of sector-specific aid and increasingly direct support towards horizontal objectives, which are considered to have broader economic benefits. Priority areas include:

- Environmental protection and energy efficiency,
- Research, development and innovation,
- Training and skills development,
- Employment,
- Investments, particularly through regional aid measures,
- Projects of common European interest,
- Clean industry.

Significant tax incentives (including up to 100% reduction of CIT rate, i.e. zero CIT rate, under certain conditions and within certain time and value limits) are available based on the Croatian Act on Investment Promotion. There are also some other regulations providing for state incentives or aids, including tax incentive, e.g. additional reduction of CIT base for certain R&D costs based on the Croatian Act on State Aid for Research and Development Projects, reduction of CIT rate based on the Croatian Tourism Act, etc.

Tax incentives can depend on the category of entrepreneur (micro, small, medium-sized or large), industry, level of acceptable investment. number of new employees, location, etc.

Obligatory E-invoicing and "Fiscalisation" rules

From 1 January 2026, Croatia introduced the Fiscalisation Act 2.0 framework, requiring mandatory B2B e-invoicing (in special e-form and with special set of data) for VAT-registered taxpayers in domestic transactions, with invoice data electronically reported to the Croatian Tax Administration through so called 2.0 fiscalisation. From 1 January 2027, the obligation to issue and fiscalise e-invoices will be extended to taxpayers who are not registered for VAT.

The reform also expanded fiscalisation of B2C invoices, requiring fiscalisation through so called 1.0 Fiscalisation regardless of the payment method used.

Forthcoming Tax Changes (Expected After September 2026)

At the time of writing this brochure, several proposed tax amendments and broader legislative developments are under consideration, including the introduction of new investment products designed to provide tax-efficient investment opportunities, together with the consequential amendments to the tax framework.

Some of the most significant proposed changes include the following:

Forthcoming Tax Changes - New Law on Croatian Investment Account ("HIR") and Amendments of Personal Income Tax (PIT) Legislation

The Croatian Investment Account ("HIR") is envisaged as a dedicated individual account aimed at encouraging individuals to invest in qualifying financial instruments. Under the proposed legislation, the assets held in an HIR would comprise cash and eligible financial instruments. One of the key features of the proposed HIR regime is its favourable tax treatment, whereby, subject to the fulfilment of prescribed conditions, income derived from investments held within the HIR (such as dividend distributions) would not be subject to personal income tax.

An increase of reduction of PIT liability to 100% is proposed for the portion of the tax base relating to pension income (but only to which the lower tax rate applies).

Forthcoming Tax Changes - Corporate Income Tax (CIT) Changes

The proposed legislation proposes introduction of an additional tax on excessive profit margin for the 2026 tax year at a rate of 50% applicable to excessive profit margin. The proposed measure is in the moment of preparing this brochure proposed for 2026 year only (as anti-inflation measure) and would apply only to corporate income tax taxpayers classified as medium-sized or large undertakings under the Croatian Accounting Act, provided that more than 50% of the value of their goods and services is generated domestically, and only if their 2026 profit margin exceeds the average profit margin for previous 3 tax periods for more than 15%. For this purpose, profit margin would be determined as profit divided by total revenues, after certain prescribed adjustments. In case this tax on excessive profit margin would apply, regular CIT base would be reduced proportionately to the tax base to which tax on excessive profit margin is applied.

Forthcoming Tax Changes - Value Added Tax

The proposed amendments primarily relate to some aspects of One Stop Shop (OSS) scheme.

Forthcoming Tax Changes – Other

There are some other expected changes in tax legislation (e.g. changes of the Croatian General Tax Act, etc.).

In the moment of preparing this brochure, all above-mentioned expected tax-related changes and proposals of tax legislation are not yet final and may be amended before enactment.

Dislaimer

The information contained in this brochure is based on the legislation in force at the time of its preparation, unless otherwise stated in a particular section. Legislative changes enacted after 22 September 2026 are not reflected in this brochure.

The publication of this brochure does not create any obligation to update its contents on an ongoing basis, and users should take this into account.

The content of this brochure is intended for general informational purposes only and should not be regarded and used as a substitute for professional advice tailored to a specific situation.

Contact us

The information provided in this guide cannot be exhaustive and we recommend anyone considering doing business in Croatia should seek professional advice from our member firm before making any business or investment decision.

Contact our member firms to discuss your requirements:

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