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### COVID 19 - ACTIVE MEASURES OVERVIEW FOR CROATIA UPDATE

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#### I. GENERAL INFORMATION

1. Croatia has 1650 confirmed cases of COVID-19 within its borders.
2. In accordance with the obligatory measures put in practice Croatia is under a lockdown; most measures of social distancing are in force until mid or end of April and are expected to be prolonged in the upcoming days
3. the number 113 is a number of the new call centre where all interested public can get information about COVID-19; Epidemiologists and experts are available from 7 am to 22 PM each day for all questions.

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#### II. LEGAL MEASURES AND IMPLICATIONS:

##### a. MEASURES:

1. a three-month moratorium on liabilities to the Croatian Bank for Reconstruction and Development (HBOR) and commercial banks and a moratorium on enforcement proceedings.
2. measures to safeguard jobs at risk of crisis- the decision of the Croatian Employment Service (CES) authorizing the payment of HRK 4,000 per worker for April and May.
3. Increased maternity allowances - from 1 April increase the allowances for the other six months of the child's life (amount raised by HRK 1,663)
4. Validity of passports, ID cards and driving licenses shall be prolonged in a way that the documents should be deemed as valid for a period of 30 days from the end of epidemic; This does not include the registration of the motor vehicles which is still in force and has to be done in the deadlines as defined before.
5. Health Inspectors of the Croatian State Inspectorate are monitoring and enforcing orders to self-isolate. They are authorized to fine any individual violating this order with fines ranging from 8000 HRK for the first violation to 30,000 HRK, 60,000 HRK and 120,000 HRK for repeat offenders.
6. Employers have options that do not disregard the current Employment Act and are as follows:
  - Working from home office –only in agreement with the employee, all the conditions for work and safeguards for the employees must be assured from the employer.
  - Annual Leave – employer can order to the employee to take the leave, but only by a former written decision and only announcing it at least 15 days in advance.
  - Agreement on unpaid time off – it is possible for the employee to request or to agree with the employer on provision of unpaid time off – there can be an option for the employer to keep paying the health and pension benefits and the option to stop paying.
  - Quarantine – in case an employee is ordered to self-isolate, he is entitled to reimbursement of wages from Croatian Institute of Health Insurance which amounts to approximately 4.257,28 HRK.

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## **b. IMPLICATIONS:**

1. possibility to invoke force majeure or change of circumstances clause
  - Determining whether a party will be successful in claiming force majeure as a result of the COVID-19 outbreak, or that the outbreak could be subsumed under a Civil Obligations Act clause called “Change of circumstances”, will require a careful review of the contractual terms, the surrounding circumstances, and the impacts of COVID-19 on the claiming party.
2. Croatian government reached a decision where all lessors leasing the state leased property have a moratorium on lease payment for three months starting March
3. Courts in Croatia as well as public notaries have postponed all hearings and meetings and do not take clients if it is not an urgent matter; the courts function mostly electronically or via email and with a significant delay caused by less employees working and having most employees working from home;

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## **III. TAX MEASURES:**

1. all taxpayers who are prohibited from work, or if their work is impeded or significantly impeded, will be fully or partially exempted from paying public benefits due in April, May and June 2020. The criteria and details themselves will be prescribed later in the regulations. (Law on Amendments to General Tax Law NN 42/2020 dated 7 April 2020.)
2. Extension of VAT deferral policy
  - Unlike the first package of extraordinary tax measures, where VAT was intended to apply a deferred payment measure only to taxpayers who had deliveries of up to HRK 7.5 million in the previous year, the new proposal extends the scope of the measure to taxpayers who had deliveries in excess of HRK 7.5 million in such a way that taxpayers would be liable for VAT only for the part of the deliveries they had collected from their customers.
3. Extension of the submission deadline for the 2019 financial statements from April 30 to June 30
4. Extending the deadline for submission of all related tax forms, including 2019 income tax returns

If you have any further questions, please do not hesitate to contact one of the members of the CV 19 Response Team.

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