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# **STARTING A BUSINESS IN CROATIA**



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# Business and forms of business

**Business** is the activity of earning for a living or earning through the production or purchase and sale of products (such as goods and services), or any activity or venture entered into in order to achieve profit. Business is dominant in capitalist economies, where the majority are owned by private individuals who provide goods and services to customers, in order to make a profit. The business can also be non-profitable or state-owned.

**Internet business** or e-business is any business or commercial transaction that involves the sharing of data over the Internet. Trade represents the exchange of products and services between companies, groups and individuals and can be considered one of the essential activities of any business. Electronic commerce focuses on the use of information and communication technology to enable a company's external activities and relationships with individuals, groups, and other businesses, while [e-business](#) refers to doing business using the Internet. Electronic business differs from electronic commerce,

because it not only deals with online transactions of sale and purchase of products and/or services, but also enables the management of business processes (inbound/outbound logistics, production and operations, marketing and sales, customer service) within the value chain through internal or external networks.

**Office business** includes receiving and reviewing mails, managing files, submitting them to work, administrative and technical processing, dispatching mail, sorting files, as well as filing them in the archive (archiving) and keeping them. Lossless business operations are achieved by training for inventory-free, loss-free and just-in-time production.

**Socially responsible business** (including social reaction, social impact) is the work of a company for [the benefit of the company and all its stakeholders](#). In general, it can be defined as the responsibility of all business entities, especially owners and managers who strive to meet the needs and interests of the company's environment and the company itself.





1

**A limited liability company (d.o.o.)** is the most common organizational form of business for small entrepreneurs. For its establishment, an initial capital of **€2,654.46** is required, which can be freely disposed of after establishment.

2

**A simple limited liability company (j.d.o.o.)** is established with a symbolic **€1.33** share capital and is suitable for service activities where there are no large investments in equipment. The company can have only one director and a maximum of three founders. At the business j.d.o.o. it is mandatory to set aside at least a quarter of the realized profit at the end of the business year until the minimum share capital of **€2,654.46** is met.

Both d.o.o. and j.d.o.o. by the very act of establishment, become liable for income tax. The tax is calculated at a rate of 12% if the income in the tax period is up to **€995,421.06**, or 18% if the income in the tax period is equal to or greater than **€995,421.07**.

In the first year of operation both j.d.o.o. and d.o.o. are exempt from [paying HGK](#) and have no other mandatory fees until the first submission of final reports. They are not required to have bookkeeping, but it is also recommended for them because they are obliged to submit monthly JOPPD forms for each employee and, in case of specific work, they are also obliged to submit forms for VAT, excise duty, consumption tax and the like.

If the director is younger than 30 years old, when applying for pension insurance, he has the right to use the relief for exemption from the obligation to pay health insurance for five years from the first employment.





# Trade and forms of trade

A trade is the independent and permanent performance of permitted economic activities on the market, which can be performed as production, trade or services. As a rule, the trade is carried out by natural persons, and only exceptionally by legal persons who carry out apprenticeships for related trades. Independence in the performance of trades means independent decision-making within the framework allowed by law and other regulations and independence in business from the decisions of other economic entities. Durability is related to the traders' intention to engage in the activity in the trade continuously, and not only for one business venture, and neither seasonal activities nor temporary business suspensions have an effect on the property of durability.

## 1

Free trades are those trades for the performance of which it is necessary to fulfill only the general conditions for opening a trade, i.e. no prescribed professional qualification is required.

## 2

Related trades are those trades for which, in addition to the general conditions, an examination on professional qualification, an appropriate secondary vocational education or a master's examination is required (car mechanic, hairdresser, heating and air conditioning installer, carpenter, stonemason...).

## 3

Privileged trades are those trades whose performance is possible only on the basis of a privilege, issued by the competent ministry or other competent authority depending on the activity (for example, sea fisherman, freshwater fisherman).

## General and special conditions for opening a business

When [opening a trade](#), two general conditions, prescribed by the Act on Trades, are checked, namely: the absence of a ban on activities - on the basis of a final court verdict or decision on a misdemeanor or a decision of the Court of Honor of Croatia; the right to use the space (ownership, lease or consent of the owner).

The special conditions prescribed by the Trades Act are: appropriate level of expertise for related trades (examination on professional qualification, secondary vocational education, master's exam); special health capacity, for trade professions for which it is prescribed by special laws (e.g. construction activities due to work at height); a privilege in the case of performing privileged trades, issued by the competent ministry or other state body (eg for fishing at sea or road transport of people or things).

## A condition for practicing trades of foreigners in the Republic of Croatia

A natural person who has a registered trade in the territory of a member state of the European

Union or a contracting state of the Treaty on the European Economic Area may perform a related trade in accordance with the provisions of the Act on Trades. It also has the possibility to perform service activities in the Republic of Croatia on a temporary or occasional basis, in accordance with the Law on Services.

Foreign citizens can perform trades in the Republic of Croatia under the same conditions as citizens of the Republic of Croatia. An additional condition is set by the Foreigners Act for citizens of third countries, i.e. citizens of countries that are not members of the European Union, who must obtain residence and work permits if they intend to work in their trade. The permit is issued by the Ministry of the Interior. Therefore, the process of opening a business for foreigners is somewhat more complex and takes place through three basic steps:

- registration of a trade without a date of commencement of activity
- obtaining a residence and work permit
- registration of the date of commencement of activities in the trade







# Registration and starting a business in Croatia

You have the right to [establish a business](#) in Croatia if you are from an EU/EEA country or from a third country. At the same time, the establishment of a business can be through the legal form of a trade or a trading company, i.e. a branch office.

If you already have a registered business establishment in any EU/EEA country, you have the freedom to provide cross-border services, which is valid for a number of activities on a temporary and occasional basis. In such cases, you are not obliged to register a business establishment in Croatia, but it is necessary to submit a statement on cross-border provision of services and a certificate of business establishment in another EU/EEA country to the competent authority by e-mail.

## Croatian citizens

The START system enables an integrated electronic start-up of business for trading companies (d.o.o. and j.d.o.o.) and trades: without physical presence; without notarization with offered standardized versions of the founding act; without a stamp; with half the court fee for commercial companies and without payment of the trade fee.

Completion of the registration takes only a few days, i.e. a maximum of 5 working days.

The system delivers information to the selected bank, after which a visit to the bank is required to open an account.

For the establishment of other types of commercial companies, the establishment is only possible with the support of Hitro.hr service and/or a public notary.



## EU/EEA citizens

Since the START system is currently only available for Croatian citizens, EU/EEA citizens can register a company through two options:

### Establishment electronically, with additional physical steps

The e-Osnivanje service is available through the appropriate eIDAS credentials from an EU/EEA country and enables the electronic registration of companies (d.o.o. and j.d.o.o.) in the court register:

- without notarization with offered standardized versions of the founding act
- without a stamp
- with half the court fee for commercial companies with mandatory physical presence during registration with
- the Tax Administration and for mandatory social insurance
- registration takes a maximum of 5 working days

### All physically

It is necessary to come to Hitro.hr office, when it is additionally necessary to go to a notary public, or only at a notary public, without going to the Hitro.hr office.

In addition to the above, a separate application is required at the following institutions:

- tax administration
- Croatian Institute for Pension Insurance - forwards data to the Croatian Institute for Health Insurance
- State Bureau of Statistics (free of charge) - registrar@dzs.hr

## Citizens of third countries

[Citizens of third countries](#) can register a commercial company and a trade exclusively through physical means as specified under the second option above.

# Establishment of a trade in Croatia



You have the right to establish a business in Croatia if you are a businessman from the EU/EEA or a third country.

If you already have a registered business establishment in any EU/EEA country, you have the freedom to provide services cross-border, which applies to many service activities on a temporary and occasional basis. In this case, you are not obliged to register a business establishment in Croatia.

It is important to check whether there are conditions for obtaining approval for the performance of activities. This applies to restaurateurs, traders, transporters and other trades that must meet the minimum technical requirements for business premises.

Trades can be: **free trades** for which no professional qualification exam or master's exam is required; **related trades** for which an examination on professional qualification, a suitable secondary vocational education or a master's examination is required as a condition; **privileged trades** that may be performed only on the basis of privilege.

## Croatian citizens

It is possible to start a business electronically through the START service, which offers everything in one place (without additional steps), and is only available for Croatian citizens who have an electronic identity card (eOI):

### 1) e-obrt service - only for Croatian citizens:

- online registration on the e-Obrt + page
- Croatian Institute for Pension Insurance (HZMO) – within 24 hours of starting business; the data is automatically sent to the Croatian Institute for Health Insurance (HZZO)
- tax administration - within 8 days from the start of business

### 2) personally

- registration in the competent administrative body in the county, i.e. in the office of the City of Zagreb
- Croatian Institute for Pension Insurance (HZMO) – within 24 hours of starting business; the data is automatically sent to the Croatian Institute for Health Insurance (HZZO)
- tax administration - within 8 days from the start of business

### Needed documents

- proof of identity (copy of identity card or passport)
- proof of compliance with special health conditions (for certain trades: catering, restaurants, fast food establishments, pastry shops, bakeries, etc., i.e. for most activities that include food business)
- proof of the right to use the space (when space is needed for the performance of trades: retail, catering, tourism, various types of services such as hairdressers, beauticians, pedicurists, dry cleaning, etc.)
- for related trades: proof of appropriate secondary vocational training, passed master's exam or professional qualification exam (if the applicant does not meet the special requirement of professional qualification, appropriate secondary vocational education or passed master's exam, he can perform related trades if he employs a person with this profession, in full-time work, which meets this condition)
- work permit for foreigners from third countries (countries outside the EU/EEA)
- valid certificate of residence (only for persons with registered residence in third countries)



## **EU/EEA and foreign nationals**

Exclusively in person, with the previously mentioned documents.

If the trade is registered without specifying the start of the activity, the tradesman must start performing the trade within one year from the date of registration of the trade. The start of the registered activity is reported no later than eight days before the start of the activity.

There is no fee, and in order to gain the qualifications, the following documents must be submitted to [poduzetnistvoibrt@mingor.hr](mailto:poduzetnistvoibrt@mingor.hr) :

- proof of foreign professional qualifications
- proof of passed exams
- list of conditions/criteria for taking the exam
- the official plan and program from which the brief content of the passed exam is visible
- proof of citizenship in another EU/EEA country
- CV in Croatian
- certificate of payment of administrative fee (or certificate of exemption from payment of administrative fee)

# Procedures for establishing a company

A trading company is a legal entity that independently and permanently carries out economic activity in order to make a profit through the production, sale of goods or provision of services on the market.

## 1

### Choosing a name

The company name is chosen at the counters of the business service HITRO.HR in the branches of FINA.

## 2

### Certification of documents

The following documents must be certified by a public notary:

- application for registration in the court register (form Po)
- founding act - social contract (signed by all the founders) or statement on the establishment of the company (if the company is founded by only one person)
- statement of the members authorized to represent the company on accepting the appointment
- the decision on the appointment of the board members
- the director's signature or the signatures of the board members
- signatures of supervisory board members (if the company has a supervisory board)
- the decision on the appointment of the procurator of the company and his signature (if the company has a procurator)
- the decision on determining the address of the company. Identity card or passport required (mandatory for foreign nationals)

The presence of all founders and other persons whose signatures need to be certified is mandatory.

The cost of certification depends on the amount of the share capital and amounts to **€331.81 (2500 HRK)** on average. All documentation in a foreign language must be translated by a court interpreter.

# 3

## **Registration in the court register**

At the HITRO.HR counter in FINA, you submit an application for registration in the court register with all necessary attachments, which starts the procedure for registration in the court register at the commercial court. Upon entry in the court register, the decision will be delivered to you by the court.

# 4

## **Publication of the registration of the company**

Upon adoption of a decision on entry into the court register, information on the entry is published without delay on the website where the register is located.

# 5

## **Classification by activities**

A request for classification by activity according to the National Classification of Activities is submitted to the National Bureau of Statistics, and the registry number and code of the activity is obtained within 15 days from the date of receipt of the decision on entry into the court register.

The following should be attached to the request: decision on registration in the court register; stationery RPS-1 (purchased in Narodne novina stores); a copy of the payment slip for the payment of the administrative fee (**€7.3 (HRK 55)**).

The notification on the classification of the business entity according to the National Classification of Activities of the CBS will be delivered at the HITRO.HR counter in FINA.

# 6

## **Opening a bank account**

After receiving the Classification Notice, you can open a giro account at the HITRO.HR desk or in the bank. At the HITRO.HR counter, you can open an account in the bank for which FINA performs account opening operations or mediates in the performance of these operations.



The share capital (**€2,654.46 (HRK 20,000)**) for a limited liability company or **€26,544.56 (HRK 200,000)** for a joint-stock company) must be deposited in a bank account, and the deposit certificate must be submitted when registering the company.

A business entity can have open accounts with several banks, according to its choice. To open a giro account you need: Extract from the court register or Decision on registration in the court register (enclose a copy, provide the original for inspection); Notice on the classification of the National Bureau of Statistics (attach a copy, provide the original for inspection); ID (identity card).

## 7

### **Application for pension insurance (HZMO)**

The application for the start of business of the contributor (form M-IIP) is submitted at the counter of the Croatian Institute for Pension Insurance or electronically (form eM-IIP) within 24 hours of the start of business.

When submitting the application M-IIP/eM-IIP, it is necessary to attach for inspection or as an attachment to the electronic application:

- notification on the classification of the National Bureau of Statistics
- the application for commencement of insurance (form M-IP) is submitted at the counter of the Croatian Institute for Pension Insurance or electronically (form eM-IP) no earlier than 8 days before the start of work, and no later than before the start of work of the insured

Contributors are obliged to establish an application in electronic form (form eM-IP) if they are liable for the calculation and payment of contributions on the basis of work for more than three insured persons.

When submitting the M-IP/eM-IP application, it is not necessary to attach accompanying documentation.

## 8

### **Application for health insurance (HZZO)**

The application for the person liable to pay contributions (Form 1), the application for basic health insurance for an insured person (Form 2) and the application for basic health insurance for a family member (Form 3) must be submitted at the desk of the Croatian Institute for Health Insurance in Fina, within 15 days from the start of business.

## 9

**Application to the Tax Administration**

After registration in the court register and the register of the State Bureau of Statistics, it is necessary to register the company with the tax administration, which is responsible for the company's headquarters, for the purpose of registration in the register of persons liable for income tax and VAT.

## 10

**Decision of the competent administrative body**

You should submit the decision of the competent administrative body (county economic office), which determines compliance with the technical, health, environmental and other conditions prescribed for the performance of this or those activities, to the commercial court.



# Conditions for performing activities

For some service activities, you have to meet special conditions, and below you will find a list of them, along with all necessary permits and costs.

If you, as a natural person, want to start a business, the first step is to register a business establishment.

Then you select the desired activities. There are activities on the service market that can be started immediately after registering a business, without obtaining approval from the competent authority. Such service activities are, for example, many business services (consulting, marketing, public relations, media, design, IT, accounting). There are also activities that require the approval of competent authorities, which depend on the fulfillment of certain conditions and the submission of documentation. This primarily refers to regulated professional services (lawyers, auditors, tax advisors, architects, engineers, etc.), education, environmental protection, tourist guides and branches, while retailers must meet the minimum technical requirements for their sales facilities.

Approvals for most such activities can already be obtained by e-mail, while e-services are being developed. The conditions for performing activities in the field of services are described in detail through the Single Point of Contact for Services portal, where electronic procedures for obtaining approval are available.

Freedom of cross-border provision of services in the EU internal market is enabled for a number of service activities. The free market of services in a large number of activities is the EU's framework for the internal market, together with a series of tools that are all brought together in one place by the EU Internal Market Center.

Most service activities are open to market competition, unlike certain public and utility services.



## EPC card and EU certificate

The **EPC card** is an electronic procedure for the recognition of professional qualifications used for the following five professions:

- nurses/medical technicians for general care and health care,
- pharmacists
- physiotherapists,
- mountain guides
- real estate agents.

The EPC is not a physical card, but data on the holder of the professional qualification is exchanged by competent public administration bodies via the Internal Market Information System (IMI).

The **EU certificate** is issued to Croatian legal and natural persons for the unhindered free

provision of [services on the internal market of the EU/EEA](#) and Switzerland. When a person goes to work in another member state for the first time, the competent authorities of the host state may ask Croatia to submit an EU certificate. It confirms that the person has a place of business in Croatia, that he has performed certain activities, and that at the time of issuing the certificate he is not (even temporarily) prohibited from practicing his profession. If you obtained your professional qualification in Croatia and want to work in another European country, you can contact the ENIC-NARIC network. Also, the EUGO network of unique contact points in one place provides information on conditions for activities in individual EU/EEA countries.

## Freedom to provide services in Croatia

The freedom to provide services must not be restricted within the Union for citizens with business establishments in other member states.

If you already have a business registration in another EU/EEA country, the freedom to provide services on an occasional and temporary basis is enabled, without the obligation to register a business in Croatia, obtaining approval and mandatory membership in a professional body. In this case, a statement is sent by e-mail to the competent authority through which specific sectoral conditions are prescribed for activities in the field of services and professions in Croatia.

Although the registration of a business establishment is not mandatory, it is necessary to obtain a Personal Identification Number for the business entity, and depending on the way of doing business and the value of the transactions performed, a VAT ID number.





# GET TO KNOW OUR PHILOSOPHY, GOALS AND ROLE IN THE MARKET

PickJobs d.o.o is a company founded at the end of 2020, which through an innovative employment platform connects employers and employees in the Republic of Croatia but also countries: Germany, Switzerland, Austria, Bosnia and Herzegovina, Serbia, Montenegro, Northern Macedonia, Ukraine, Albania and Kosovo.

We have been on the market since the end of 2020 with the aim of improving and enhancing the recruitment process. By working together and with unique key factors such as global connectivity and mobile application, we want to make a valuable contribution as an opportunity for the growth and development of the individual. We work every day to improve the platform and listening to the market we strive to maximize the platform with new features and useful content.

We accept differences and for this very reason we start to change the employment process with innovative, different services. Over time, the number of private and business users will grow more and more, and we will adjust the offer to our customers on a daily basis. It is no coincidence that "100% business" is the leitmotif of our platform and the business itself. "100% business" is a description that would best describe our vision, philosophy and ourselves. It describes what we are, what we strive for and what we offer.

## Contact Us



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