

Register of Ultimate Beneficial Ownership

June 2019



By 31 December 2019, your organization must inscribe information on its ultimate beneficial ownership in a new Register of Ultimate Beneficial Ownership ("the Register") to be maintained by the Croatian Financial Agency ("FINA"). Failure to do so could result in severe fines. KPMG can assist you to inscribe information on ultimate beneficial ownership in the Register to comply with your legal obligation.

The By-law on Register of Ultimate Beneficial Ownership, published in the Official Gazette No. 53/19 ("the By-law"), came into effect on 25 May 2019. The By-law was rendered pursuant to the Law on Prevention of Money Laundering and Terrorism Financing (Official Gazette No. 108/17 and 39/19) ("the AML Law") with the aim of establishing the Register.

The Register is established for the purpose of preventing the misuse of legal entities related to money laundering, including tax fraud, as well as to prevent terrorist financing, and to increase the transparency and availability of ultimate beneficial ownership information.

What is the Register of Ultimate Beneficial Ownership?

The Register is a central electronic register containing information on the ultimate beneficial owners of all legal entities established on the territory of the Republic of Croatia, as well as the information on the ultimate beneficial owners of trusts and equivalent legal arrangements created under foreign laws which have to obtain an OIB number for the purpose of their business transactions in the Republic of Croatia.

The Register is maintained by FINA, which also supervises the inscription of information into the Register.

Who is required to inscribe the ultimate beneficial ownership information in the Register?

The following legal entities are required to register their information with the Register:

1. all legal entities established in the Republic of Croatia:

- 1.1 Companies
- 1.2 Branch offices of foreign companies
- 1.3 Associations
- 1.4 Foundations and
- 1.5 Institutions which are not founded solely by the Republic of Croatia, or by municipal or county units
2. trusts and equivalent legal arrangements created under foreign laws which have to obtain an OIB number in the Republic of Croatia.

What information needs to be inscribed in the Register?

Depending on the type of legal entity and complexity of its ownership structure, different information on ultimate beneficial ownership needs to be inscribed in the Register, including *inter alia* information on the nature and extent of ultimate beneficial ownership.

What are the deadlines for inscription of the ultimate beneficial ownership information in the Register?

All legal entities, and trustees of foreign trusts or equivalent legal arrangements on the territory of the Republic of Croatia, are required to inscribe the information on their ultimate beneficial ownership in the Register by 31 December 2019.

All legal entities that will be established after 1 December 2019 are required to inscribe the information on their ultimate beneficial ownership in the Register within 30 days from the day of their establishment. The same deadline applies for the trustees of foreign trusts and equivalent legal arrangements, whereby the relevant period is calculated 30 days of issuance of an OIB number.

What are the deadlines for updating the beneficial ownership information in the Register?

All legal entities, and trustees on behalf of foreign trusts or equivalent legal arrangements on the territory of the Republic of Croatia, are required to update their registered information on ultimate beneficial ownership within 30 days from a day when a change takes place.

Fines

A failure to inscribe correct, accurate and up to date information on beneficial ownership in the Register within the deadlines prescribed by the By-law, could result in fines ranging between HRK 5,000.00 and HRK 350,000.00 for legal entities, and fines between HRK 5,000.00 and HRK 75,000.00 for their responsible persons.

Trustee of a trust or an equivalent legal arrangement who fails to inscribe correct, accurate and up to date information in the Register within the deadlines prescribed by the By-law, could be liable to fines between HRK 5,000.00 and HRK 75,000.00.

We would like to draw your attention that the process of collecting the relevant information and preparing the application for the Register could be complex depending on the intricacies of the ownership structure. As a result, it is recommended to set aside sufficient time to prepare the application.

KPMG Legal would be delighted to assist you with collecting the information and preparing the application.

For further information and assistance, please contact Marinela Mostić, a certified specialist by the International Association of Anti-Money Laundering Specialists (ACAMS), on telephone number +385(0)1 5390 160, or via e-mail mmostic@kpmg.com, or Hrvoje Pajtak, Attorney at Law, on telephone number +385(0)1 5390 062, or via e-mail hajtak@kpmg.com.

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