

# Implementation of the tax payment deferral procedure in special circumstances



March 2020

On Tuesday, March 24, 2020, new provisions of the Regulations to the General Tax Law, which regulate the implementation of the tax payment deferral procedure in special circumstances, entered into force.

## Available tax payment deferral measures

- deferral of payment of tax liabilities due without charging penalty interest for a period of three months from the due date, with the possibility of extending the period for an additional three months; and
- payments of deferred tax liabilities in installments up to 24 months.

## Tax liabilities covered by tax payment deferral measures

- liabilities due for taxes (other than VAT), contributions and other public charges (excluding customs duties and excise duties) due until 20 June 2020.
- VAT liability that is due within three months, starting with the VAT liability due in April.

## Who can submit an application for tax payment deferral measures

- any entrepreneur who meets the indicators of inability to settle tax liabilities due and who has no outstanding tax liabilities at the date of submission of the application, i.e. if the amount of the outstanding tax liabilities is less than HRK 200.
- exceptionally, an application for VAT deferral can be submitted only by an entrepreneur whose amount of supplies of goods and services in the previous year has not exceeded HRK 7,5 million (VAT excluded) and whose tax base is determined based on the supplies made

## Indicators of inability to settle tax liabilities due

- a decrease in income / receipts in the month preceding the month in which the application for tax deferral was submitted by at least 20% compared to the same month of the previous year; or
- a probable decrease in income / receipts in the next three months from the month in which the application was submitted by at least 20% compared to the same period of the previous year.

In addition, the applicant should prove that the VAT liability due arises from issued invoices that have not been settled and / or other indicators that affect its liquidity.

## Applying for tax payment deferrals

- a written application stating the indicators of inability to settle tax liabilities due should be submitted to the competent tax authority according to the place of residence or registered seat of the taxpayer via the Croatian Tax Authorities portal (ePorezna). Exceptionally, the application should be submitted in accordance with the instructions published by the Croatian Tax Authorities on their website.
- the deadline for submitting a request for paying deferred tax liabilities in installments is five days from the due date of the liability which the requestor is unable to pay, whereby the requestor can choose paying in installments only the deferred liabilities or paying in installments all deferred tax liabilities, regardless whether they are due at the time of submitting the request.
- the form „Application for tax payment deferrals“ was published on the Croatian Tax Authorities’ website on the following link: <https://bit.ly/2QCIUth>

If you have any questions, please contact us.

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