



# Amendments on Personal income tax Regulation

increase of non-taxable employment related receipt amounts from 1<sup>st</sup> October 2022

**Tax Newsflash**  
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In National Gazette 112/2022 Amendments to the Personal Income Tax Regulations were published which will come into effect on 1 October 2022. With the Amendments new/increased amounts of non-taxable payments that can be made from an employer to its employees are as follows:

Non-taxable payment	Amount until 30 September	Amount from 1 October 2022
Christmas bonus, holiday allowance	Up to HRK 3,000 per annum	<b>Up to HRK 5,000 per annum</b>
Rewards for working results, bonuses and similar	Up to HRK 5,000 per annum	<b>Up to HRK 7,500 per annum</b>
Gift to employee's child up to 15 years of age	Up to HRK 600 per annum	<b>Up to HRK 1,000 per annum</b>
Gift in kind	Up to HRK 600 per annum	<b>Up to HRK 1,000 per annum</b>
Cash lump-sum payment covering the costs of an employee's nutrition	Up to HRK 5,000 per annum	<b>Up to HRK 6,000 per annum</b>
Reimbursement for using private car for business purposes	HRK 2 per km	<b>HRK 3 per km</b>
Severance pay for retirement	Up to HRK 8,000 one-off	<b>Up to HRK 10,000 one-off</b>

This means that on the annual level, the employer can make the above listed payments as non-taxable up to prescribed new amounts. If some payments from the above list were already made during 2022, the difference between the amount already paid and new non-taxable amount can be paid by the end of 2022 as non-taxable.

From 1 January 2023 it is allowed to combine the cash lump-sum payment covering the costs of an employee's nutrition and the payment of employee's nutrition costs based on supporting documents on an annual basis, but on a monthly basis one excludes the other.

#### Action point:

Employers should consider payments in this calendar year to utilize the increased non-taxable amounts. These payments are at the employer's discretion.

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