

Jurić & Vrbanović

ODVJETNIČKO DRUŠTVO - ATTORNEYS AT LAW - STUDIO LEGALE

Newsletter

October 2012

In this issue:

§ Changes to the Companies Act

§ Changes to the VAT Act

*§ Act on financial management and
pre-bankruptcy settlement*

§ Changes to the Companies Act

Recent changes of the Companies Act which came into effect on October 18, 2012 (Official gazette no. 111/12) introduced several novelties to Croatian company law system.

One of most significant changes is a new type of a company – “a simplified Ltd.”. Such type of a limited liability company may:

- have a minimum share capital of 10 HRK (1,5 €),
- be established by a notarized statement on the establishment of the company and
- perform a wide range of activities (with exception of those requiring a higher solvency of the company).

Such form of a company may be established by maximum three founders and can have one member of the management.

The company must establish legal reserves in which it must forward one quarter of its profit stated in official annual financial reports at the end of the business year.

Intention of the Government of the Republic of Croatia is to promote self-employment possibilities to a large number of unemployed persons in the Republic of Croatia and to simplify the procedure for establishment and registration of companies in Croatia.

§ Changes to the VAT Act

Starting from January 1, 2013, amended amounts for obligatory entry in the VAT system of the Republic of Croatia and conditions for submitting of tax reports shall come into effect.

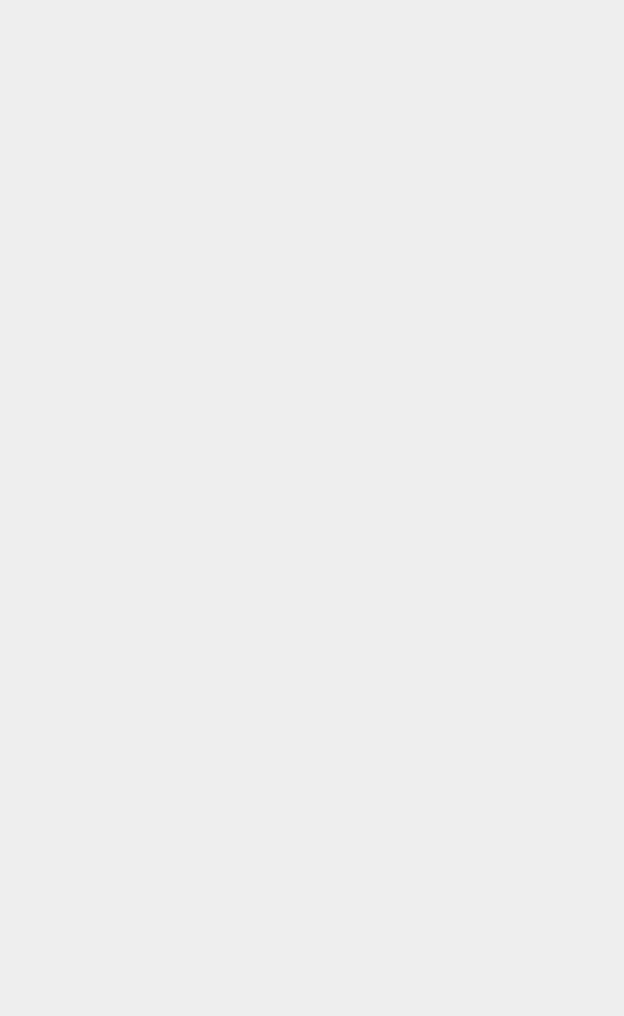
New amount for obligatory entry in the VAT system shall amount to 230.000,00 HRK i.e. approximately 30,660 €. Such obligors are obliged to deliver VAT forms to the Tax Department.

Tax obligors which have an annual income from business activities lower than 800.000,00 HRK i.e. 106,666 € (VAT included) may choose to deliver quarterly reports instead of monthly reports to the Tax Department. Tax obligors with annual income from business activities higher than 800.000,00 HRK are obliged to deliver monthly reports to the Tax Department.

§ Act on financial management and pre-bankruptcy settlement

On October 1, 2012 a new Act on financial management and pre-bankruptcy settlement came into effect. This Act introduced several novelties in Croatian legal system.

Pursuant to provisions of this Act the management of the company is obliged to take all required measures to secure solvency and positive business results of a company and has to manage assets and obligations of the company in a



manner which allows the company to settle all due amounts. Furthermore, the management must secure long term financial sources for business activities of a company.

The supervisory board of a company is obliged to monitor the financial status of a company and its solvency.

The act also prescribes that entrepreneurs may stipulate payment deadlines in duration of 60 days or, exceptionally and under certain conditions, 360 days. If a deadline is not stipulated among the parties, all amounts have to be settled within 30 days.

When a company is not able to establish liquidity, within 60 days from occurrence of illiquidity or 21 days from occurrence of insolvency, it is obliged to initiate a procedure of pre-bankruptcy settlement with its creditors.

Upon occurrence of illiquidity a company may settle only those obligations explicitly listed in the Act.

Please note that above mentioned is not a complete overview of legal changes and is delivered for information purposes only. Please contact us in case you would require any additional information on the above mentioned.

* To unsubscribe from our newsletters please send an e-mail to info@juriclaw.hr with the subject "Unsubscribe"