

Introduction of COVID-19 measures

On 17 March 2020, the Croatian Government adopted a new package of measures to help the Croatian economy fight the COVID-19 uncertainties. The new package of measures consists of 63 measures, **which are to be enacted through the urgent legislative procedure until the end of this week.**

We present you with a summarized overview of some of the COVID-19 economic measures adopted by the Croatian Government. EY Croatia will continue to monitor and update you on further legislative developments and implementation details of individual measures.

The total value of the economic package exceeds 30bn HRK

1 The Set of Measures for Financial Liquidity

Some of the measures adopted by the Government to assist the financial liquidity are:

- ▶ Possibility of **postponement and/or instalment repayment of taxes and social contributions.** Introducing the possibility of postponing payments of tax liabilities and/or payment in instalments due to special COVID - 19 circumstances. The amendments to the General Tax Act will enable the introduction of the mechanism to be implemented, while the specific details (e.g., terms, the scope of taxes and taxpayers) will be determined separately by the Minister of Finance in the respective Bylaws.
- ▶ **Moratorium on liabilities towards the Croatian Bank for Reconstruction and Development (HBOR) under existing placements.**
- ▶ **Possibility of reprogramming the existing HBOR loans** with the introduction of a grace period for repayment of the loan principal.
- ▶ Approval of a **new line of HBOR liquidity loans, in cooperation with commercial banks**, intended for covering salary expenses, overheads and other basic operating expenses (excluding credit obligations towards commercial banks and other financial institutions).
- ▶ **Reprogramming of liabilities** towards the credit institutions, in an expedited procedure, **without reclassification** to default.
- ▶ **Stand still measures for the commercial banks**, i.e., suspension of execution of all foreclosure measures for a period of three months.

2 The Set of Measures Assisting Employers Maintain their Workforce

Retention of jobs presents one of the biggest challenges of the COVID-19 outbreak. Croatian Government aims at assisting businesses to preserve jobs and maintain their workforce.

- ▶ **Aid for preserving jobs in the sectors affected by COVID-19 through ensuring minimum salaries.** The terms of the aid should be further determined in the respective Bylaws.
- ▶ Extension of duration of the measure **permanent seasonal worker**, i.e. 'stalni sezonac' by prolonging for an additional period entitlement to the pension insurance scheme and financial aid.
- ▶ Ensuring payment of **minimum wages to persons with disabilities.**
- ▶ Postponement of obligations to pay financial penalties for all the **employers non-compliant with the minimum quota obligation for employing persons with disabilities.**
- ▶ Enabling **EU Support beneficiaries** to suspend or postpone project implementation, payments of reimbursements. The competent bodies will take into consideration and respect the reduced completion of projected indicators.
- ▶ Additional **grace period** for fulfilling the obligation to retain jobs without prejudicing the benefits obtained through measures related to realization of investment projects under the Investment Promotion Act.

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The Set of Measures Assisting the Tourist Industry Stakeholders

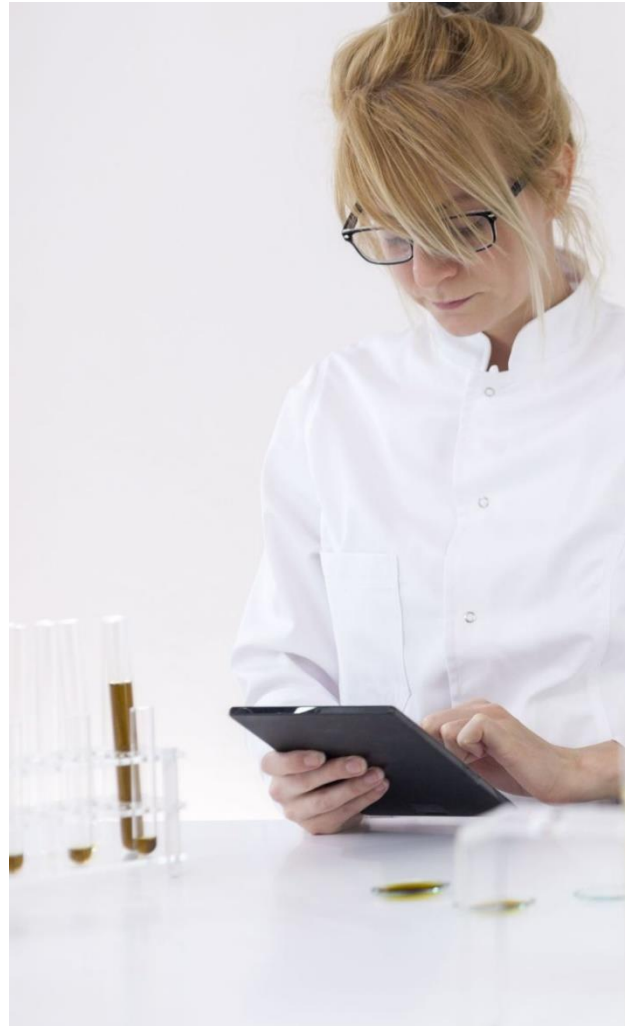
Considering that the tourism sector makes 20% of the total GDP and the ongoing season is now postponed due to the COVID-19 outbreak, a strong effort is made to retain jobs and liquidity of the stakeholders.

- ▶ Postponement of the payment of tourist membership fee for economic operators and private renters.
- ▶ Postponement of the payment of the concession fee on tourist land in the camps.

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Other Economic Measures in Response to the COVID-19 Outbreak

In addition to the above, through the adopted measures, the Croatian Government also introduced a set of measures aiming at assisting the stakeholders in the area of agriculture, culture, maritime affairs, transport and infrastructure, and measures related to regional development and EU Funds.



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