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AUTHORITIES PREPARE FOR INTRODUCTION OF PROPERTY TAX 1

Authorities Prepare for Introduction of Property Tax

Našice and Daruvar are the first towns whose citizens have been issued forms to report their property.

Residents of Našice and Daruvar are the first in Croatia who have received a request to provide to local authorities information about properties they own. Similar forms will be sent by the end of the year to home addresses of other property owners, because towns and municipalities have started with preparation for the introduction of property tax. The tax will be introduced starting on 1 January 2018, reports Večernji List on March 23, 2017.

So far, the first 400 local government employees who will work on the implementation of the law and calculation of tax liabilities have passed training sessions, and town and municipal offices are receiving additional data on the basis of which local governments must update their existing registers of real estate on their territory.

State Geodetic Administration has already delivered them orthophoto imagery, which will be used to determine properties to be taxed.

At the time of the adoption of the law, the government stressed that the property tax would be a transformation of the current utility fee, which annually amounts to about 2.1 billion kuna. In addition to utility fee, the property tax will also integrate tax on holiday homes and monument annuity. Finance Ministry estimates that the consolidated tax will bring local governments about 2.4 billion kuna, or 300 million more than they collect now. It claims that the majority of citizens will not feel any difference, but the exact numbers will not be known until March 2018, when first tax rulings will be sent to property owners.

The current utility fee will be the basis for calculation, but it will be amended with new elements that will take into account age and quality of the property. In the forms which have been delivered to residents of Našice and Daruvar, the citizens are asked whether their houses or apartments are habitable, whether they have a pool, when they were built, whether they have been expanded. Property owners must fill out the form. In cases where data supplied by the owners is different from data from public sources, additional controls will be performed.

The annual amount of tax per square metre will be determined by multiplying the value of the basic value with zone coefficient, purpose coefficient, condition coefficient and age coefficient. Although details will be determined by each town and municipality, it is known that primary apartments will have the coefficient of 1, for holiday homes the coefficient will be up to 6, and for properties which currently pay monument annuity up to 12. Buildings constructed prior to 1940 will have coefficient of 0.8, while those built after 2006 will pay the coefficient of 1.2.

It is estimated that taxes on buildings built before 1940 should be cheaper than the current utility fee, for properties built from 1971 to 1987 should be the same, while for all buildings constructed after 1988 the new tax will be higher. The exact amounts will be known next year. Association of Towns points out that it is up to local government units to decide whether the tax will be paid annually, semi-annually, quarterly, or monthly.

International Property Tax Institute

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