



## CROATIA - October 2017

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During a debate on Thursday, members of Parliament supported the delay in the introduction of the property tax in Croatia, expressing hope that the issue would not be considered again until the conditions are met to introduce this tax in Croatia. However, the opposition expressed its fear that the government would try to introduce new taxes instead, while SDP, the largest opposition party, announced it would abstain from voting, reports Večernji List on September 29, 2017.

Amendments to the Law on Local Taxes will remove the property tax provisions, explained Finance Minister Zdravko Marić. He stressed that the government wanted to send a message that it was thinking about cutting taxes, rather than introducing new ones, but the opposition has nevertheless expressed fears about new levies being imposed, accusing the ruling parties of not being credible.

“The 2017 National Reform Plan, which the government has sent to the European Commission, includes the promise about the introduction of property tax. Therefore, it should be said that this is just a delay and that we are actually talking about a tax rebrand,” said Marko Vešligaj (SDP). He believes that the property tax will not be abolished in the end, but just renamed through the amendments to the Law on Local Economy. He added that SDP would abstain from voting, just like it did last year when the taxes were passed by the Parliament.

Theory in the parliament is one thing, while practice, in reality, is something completely different, said Branimir Bunjac (Živi Zid), adding that such behaviour was not credible. “You talk about tax cuts, but in practice, you keep increasing them,” he said. His party colleague Ivan Vilibor Sinčić pointed out that their party would fight against all new taxes. “You will not take any more money from the citizens; we will fight against it.”

Tomislav Žagar (MOST) praised Finance Minister Marić for coming personally to parliament and admitting that he had made a mistake with the property tax. “The delay of the property taxes can be seen as a victory for citizens,” he said.

Anka Mrak Taritaš (GLAS) emphasised that it was necessary to first create the prerequisites for the introduction of the property tax, starting from real estate records, land registry and cadastre, to equalising communal fees. “We should not scare our taxpayers with new taxes when we are not ready for their introduction,” she said.

Kažimira Varda, who is a member of the ruling coalition, was interested whether the delay meant that citizens would no longer have to fill in the forms about real estate they own which were sent to them during the summer months by municipalities and towns. Minister Marić confirmed that, when the amendments come into force, citizens will no longer have to submit the forms.

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However, he did add that local government units have the right and obligation to collect this information for the purpose of updating their records. “Even without the property tax, they have the authority to do so for raising communal fees,” he said ambiguously.

“Citizens are not a subject to be played with. Who will be held responsible for the citizens’ stress due to all these forms and questionnaires?” asked Gordan Maras (SDP). Alen Prelec (SDP) said that the people were confused, just like local government leaders who are unsure whether they should continue sending out these forms or not.

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