



## Act on the Amendments to the Accounting Act

### Tax Alert, April 2025

Effective from 1 January 2025, the Republic of Croatia adopted amendments to the Accounting Act, which regulates certain areas of reporting, and which relate to the new reporting obligations for companies operating within a multinational group.

A summary of the relevant amendments is provided below.

For details, please contact Deloitte professionals.

#### **Act on the Amendments to the Accounting Act**

Amendments to the Accounting Act ("Accounting Act") implements the EU Directive 2013/34/EU, which prescribes the obligation to prepare and publicly publish the Report on Corporate Income Tax Information ("*Public Country-by-Country Reporting Directive – Public CbCR*").

The Directive aims to increase tax transparency of business entities and to ensure the public availability of corporate tax data by jurisdiction.

#### Persons obligated to prepare the Report:

- Ultimate parent undertakings whose consolidated revenues, as reported in the annual consolidated financial statements, for each of the last two consecutive financial years, exceed a total of EUR 750 million.
- Standalone undertakings whose revenues, as reported in the annual financial statements, exceed a total of EUR 750 million for each of the last two consecutive financial years.
- Medium-sized and large subsidiary undertakings, controlled by an ultimate parent undertaking governed by the law of a third country, and whose consolidated revenues, as reported in the annual consolidated financial statements, exceed a total of EUR 750 million for each of the last two consecutive financial years.
- Branches that are opened in the Republic of Croatia to which the law of a third country applies and that have a legal form comparable to

that of a limited liability company, as regulated by the law governing companies, considering additional quantitative criteria.

Also, there are certain exemptions from the obligation to prepare and publicly publish the Report on Corporate Income Tax Information, such as for credit institutions.

#### Content of the Report on Corporate Income Tax Information

The Report on Corporate Income Tax Information shall contain detailed information relating to all activities of standalone undertakings or ultimate parent undertakings, including the activities of all affiliated undertakings consolidated in the annual financial statements for the relevant financial year.

The information, inter alia, should include information on the financial year, the currency in which the Report was prepared and, if applicable, a list of all subsidiaries consolidated in the accounts of an ultimate parent undertaking and established in the European Union or in tax jurisdictions listed in the Council of the European Union's lists of non-cooperative jurisdictions for tax purposes.

The Report should also include a description of the types of activities carried out by affiliated companies within the group.

#### Publishing and public availability

The Report on Corporate Income Tax Information must be made public within 12 months from the balance sheet date for the business year to which it relates. The first business year for which the Report is prepared is the business year beginning on or after 1 January 2024. Therefore, the deadline for publishing the Report on Corporate Income Tax Information is 31 December 2025 or after that date, for those taxpayers whose business year is not equated with a calendar year.

#### Responsibility

Members of the executive, management and supervisory bodies of an ultimate parent undertaking or a standalone undertaking shall be jointly and severally liable for the compilation, publication and public availability of the Report on Corporate Income Tax Information, in accordance with the regulations of the Accounting Act. Similarly, members of these bodies in a subsidiary and persons representing a founder of a branch are also responsible for ensuring that the Report on Corporate Income Tax Information is in compliance with the applicable legislation and that it is published and available to the public as required by the law.

#### Statement of the certified auditor

An independent auditor or an audit firm is obliged to state in the audit report whether the Report on Corporate Income Tax Information has been published for the previous business year and whether this Report is in accordance with the provisions of the Accounting Act.

#### Misdemeanor provisions

Fines of up to EUR 13,270 for a legal entity and up to EUR 2,650 for a responsible person in a legal entity are prescribed for reporting failures.

#### **Contacts:**

If you are interested in additional information regarding our services, please contact our expert team in the Tax Advisory Department:

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