



New Package of Anti-Inflation Measures Tax Alert, June 2026

The Government has introduced a new package of anti-inflation measures aimed at preventing excessive increases in profit margins in the context of the energy crisis and global instability. One of the key measures includes the planned amendments to the Corporate Income Tax Act and the introduction of a tax on excessive gross profit margins. The proposed measure will need to go through the parliamentary procedure before it can be adopted.

Introduction of a tax on excessive gross profit margins

Taxpayers

The measure applies to the following categories of taxpayers:

- Medium-sized enterprise – entities that do not exceed two of the following three thresholds:
 - Total assets: EUR 25 million
 - Net revenue: EUR 50 million
 - Average number of employees during the financial year: 250
- Large enterprise – entities that exceed two of the above thresholds (assets, net revenue, number of employees)

Note: Taxpayers who derive more than 50% of their revenues from activities carried out outside the Republic of Croatia will be exempt from this measure.

Tax base and tax rate

Under the proposed model, it will be necessary to determine the average gross profit margin percentage (profit before tax/revenue) generated in 2023, 2024, and 2025. An allowable deviation in the gross profit margin for 2026, compared to the aforementioned average, will be set at 15 percent due to potential productivity growth. The portion of profit realized in 2026 as a result of an increase in the gross profit margin above this threshold will be treated as the result of an excessive increase in the gross profit margin and will be taxed at a rate of 50%.

Other tax measures

In addition, the Government has announced amendments to the Personal Income Tax Act under which pension income would be fully exempt from taxation. At the same time, an increase in the tax burden has been announced for private landlords who generate income through the lump-sum taxation regime in the tourism sector, as well as for certain self-employed individuals who are lump-sum taxpayers, which will result in higher tax liabilities for some private landlords and self-employed individuals.

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