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Croatia

Payroll & Employment Law Guide

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Local income-tax rates, social contributions and 2026 employment rules

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Overview

A reference for employing in Croatia

The legal form most commonly used by foreign investors is the limited liability company, or d.o.o. Incorporation does not complete the employer registrations automatically. After Court Register entry and allocation of an OIB, the bank, HZMO, HZZO and Tax Administration steps must be handled separately.

€1,050	40h	20%	16.5%
2026 STATUTORY MONTHLY MINIMUM WAGE	MAXIMUM STANDARD WORKING WEEK	STANDARD EMPLOYEE PENSION CONTRIBUTION	STANDARD EMPLOYER HEALTH CONTRIBUTION

WHAT THIS GUIDE COVERS

I	**Setting Up and Doing Business**	The legal form most commonly used by foreign investors is the limited liability company, or d.o.o.
II	**Working Conditions and Leave Entitlements**	Full-time work is capped at 40 hours a week.
III	**Tax and Social Security**	Croatia does not apply one national percentage to employment income.
IV	**Payroll Operations**	Salary is calculated monthly and paid by the 15th day of the following month unless another binding instrument sets a different date.
V	**Hiring and Termination**	A written employment contract or written confirmation must be provided before work starts.
VI	**Compensation and Benefits**	There is no general statutory annual salary increase or private-sector 13th salary.
VII	**Visas and Work Permits**	EEA and Swiss nationals may work without a work permit or work-registration certificate.
VIII	**Practical Notes and Compliance Risks**	A common Croatian payroll failure is to process local income tax, collective-agreement coverage, employee status and leave through one national default.
IX	**Incentives and Employer Support Schemes**	The standard employer health contribution is 16.5%.

I

Setting Up and Doing Business

The legal form most commonly used by foreign investors is the limited liability company, or d.o.o. Incorporation does not complete the employer registrations automatically. After Court Register entry and allocation of an OIB, the bank, HZMO, HZZO and Tax Administration steps must be handled separately.

STRUCTURE OR STEP	2026 RULE	OPERATIONAL NOTE
d.o.o.	Minimum capital EUR 2,500	Minimum business share EUR 10
j.d.o.o.	Minimum capital EUR 1	Up to 5 members and 1 director
d.d.	Minimum capital EUR 25,000	Higher governance burden
Foreign-company branch	Not a separate legal person	Rights and liabilities remain with the foreign founder
Electronic court filing	5 working days for a complete application	OIB and activity registrations follow
Employer registrations	HZMO, HZZO and Tax Administration	Complete before the first employee starts

From January 1, 2026, VAT-registered taxpayers must issue and receive structured e-invoices for domestic B2B transactions. Businesses outside VAT must receive e-invoices in 2026 and begin issuing them from January 1, 2027. A PDF attached to an email is not a structured e-invoice.

> Verify before payroll
> EOR note: The Croatian sources reviewed do not establish a separate, general Employer of Record license category. The model should be structured through the actual local employer or a registered temporary-employment agency. An agency worker may not receive less favorable pay or working conditions than a comparable worker of the user undertaking.

II · WORKING CONDITIONS AND LEAVE ENTITLEMENTS

Full-time work is capped at 40 hours a week. Overtime can bring total work to 50 hours a week. Annual overtime is generally limited to 180 hours, although a collective agreement can raise the limit to 250 hours.

II

Working Conditions and Leave Entitlements

TOPIC	RIGHT OR LIMIT	PAYROLL IMPACT
Normal work	40 hours/week	Reconcile contract and time record
Overtime	50 hours/week, with 180 or 250 hours/year	Check collective-agreement coverage
Overtime premium	Increased pay is mandatory	No single percentage in the general Act
Sunday work	At least 50% premium	For every Sunday hour
Daily break	30 minutes after at least 6 hours	Paid and included in working time
Rest	12 hours daily and 24 hours weekly	Document any statutory exception

Paid annual leave is at least 4 weeks. Minors and workers who cannot be protected from harmful exposure receive at least 5 weeks. Full entitlement arises after 6 continuous months.

Before that point, the employee accrues 1/12 of the annual entitlement for each completed month. Leave pay may not be below average monthly pay for the preceding 3 months.

II

Working Conditions and Leave Entitlements

SICKNESS AND FAMILY LEAVE

ENTITLEMENT	DURATION OR PAYMENT	CORE CONDITION
Ordinary sickness	At least 70% of the base	2026 full-month floor EUR 353.15
Employer funding	First 42 days	First 7 days for specified disabled workers
General HZZO cap	Generally EUR 995.45/month	Varies by the reason for absence
Occupational injury/disease	100% of the base	No ordinary HZZO cap
Maternity leave	From 28 or 45 days before birth until the child is 6 months old	Mandatory period runs to day 70 after birth
Paternity leave	20 working days for one child and 30 for a multiple birth	By child age 6 months, 100% and uncapped
Parental leave	8 or 6 months for the first/second child	Depends on use by both parents or one parent

When the prior-insurance test is met, maternity benefit is 100% of the base without a cap. The test is 6 continuous months or 9 interrupted months in the preceding 2 years. Otherwise, the benefit is EUR 701.89/month.

During the first 6 or 8 months of parental leave, benefit is capped at EUR 3,001.79/month. The remaining period for twins, a third child or a later child pays EUR 803.42/month.

III · TAX AND SOCIAL SECURITY

Croatia does not apply one national percentage to employment income. The lower and higher rates are set by the municipality or city of the employee's residence within statutory ranges. Payroll must use the local authority and personal-allowance information recorded on the tax card.

III

Tax and Social Security

ITEM	2026 PARAMETER	EXPLANATION
Basic personal allowance	EUR 600/month	May increase based on tax-card data
Lower/higher-band threshold	EUR 5,000/month and EUR 60,000/year	Higher rate applies to the excess
Municipality rate range	15-20% / 25-30%	Lower and higher bands
City rate range	15-21% / 25-31%	Based on local decision
Large city/county seat	15-22% / 25-32%	Based on local decision
Zagreb	23% / 33%	2026 payroll example
Employee pension contribution	20% total	Normally 15% Pillar I and 5% Pillar II
Employer health contribution	16.5%	Unless a qualifying relief applies
2026 minimum wage	EUR 1,050 gross/month	For full-time work

The monthly allowance is EUR 300 for a dependant family member or first child and EUR 420 for the second child. It is EUR 600 for the third child and EUR 840 for the fourth. The disability allowance is EUR 180, rising to EUR 600 for 100% disability or a qualifying care entitlement. The relief depends on the tax card and eligibility evidence.

For 2026, the minimum monthly contribution base is EUR 757.34, the maximum monthly base is EUR 11,958 and the maximum annual base is EUR 143,496. These amounts apply only to the contribution categories specified by law. The EUR 757.34 contribution base does not replace the EUR 1,050 full-time minimum wage.

For gross pay up to EUR 700, the Pillar-I base may be reduced by EUR 300. Between EUR 700.01 and EUR 1,300, the reduction is calculated as 0.5 × (1,300 - gross pay). At gross pay of EUR 1,050, the reduction is therefore EUR 125 and the Pillar-I base is EUR 925. Data allocation must be managed separately where the worker has more than one employer.

IV

Payroll Operations

Salary is calculated monthly and paid by the 15th day of the following month unless another binding instrument sets a different date. Income tax is calculated, withheld and paid when salary is paid. Contributions fall due with salary.

OPERATION	DEADLINE OR RULE	CONTROL POINT
Salary payment	By the 15th of the following month	Match contract and bank date
JOPPD	Payment/due date or next working day	Reconcile employee-level amounts
Electronic filing	More than 3 persons or an ePorezna user	Limited paper exception remains
Payslip	No later than 15 days after payment	Show gross, contributions, tax and net
Unpaid salary	Two prescribed statements by month-end	Enforceable calculation is separate
Payroll statements	At least 6 years	Longer where a dispute remains open
Accounting documents	At least 11 years	Depends on document type
Contribution analytics	Permanent	Preserve employee and period trail

If salary for the previous month remains unpaid through month-end, the contributions fall due on the last day of that month. A payroll process must not treat non-payment as removing the reporting obligation.

> Verify before payroll
> Record principle: Working-time records are retained for at least 6 years from the end of the year in which they were created. The payslip, JOPPD, bank-payment evidence, tax card and leave record should be linked by the same employee and period key.

V · HIRING AND TERMINATION

A written employment contract or written confirmation must be provided before work starts. Without the written document, the relationship may be presumed to be indefinite. A fixed-term contract needs an objective reason. The general limit is 3 successive contracts and 3 years in total.

V

Hiring and Termination

TOPIC	STATUTORY RULE	APPLICATION NOTE
Probation	Up to 6 months	Probation dismissal notice at least 1 week
Less than 1 year of service	2 weeks' notice	Dismissal ground still required
1 year of service	1 month	Continuous service governs
2 years of service	1 month + 2 weeks	Check service band
5 years of service	2 months	Contract may be more favorable
10 years of service	2 months + 2 weeks	Check collective agreement
20 years of service	3 months	Add 2 weeks at age 50 or 1 month at age 55

Ordinary dismissal can be based on business needs, personal capability, conduct or failure of probation. It must be written, reasoned and served on the employee. Where a serious breach or other fact makes continuation impossible, extraordinary dismissal must be exercised within 15 days after learning of the relevant fact.

Severance generally arises after at least 2 years with the same employer. The statutory minimum is 1/3 of the average monthly salary for the preceding 3 months for each completed service year, with a general cap of 6 such monthly salaries. Exclusions apply to conduct-based dismissal and an employee aged at least 65 with 15 years of pensionable service.

In 2026, ordinary pension age is 65 for men and 64 for women, in each case with at least 15 pensionable years. The long-service route is age 60 with 41 effective years. Pension eligibility and automatic contract termination are different tests. Unless the parties agree otherwise, the contract ends at age 65 with 15 pensionable years.

VI

Compensation and Benefits

There is no general statutory annual salary increase or private-sector 13th salary. A bonus, Christmas award, holiday allowance or other additional payment can arise from a collective agreement, work rules, employment contract or employer decision.

BENEFIT	2026 TAX-FREE CEILING	PAYROLL NOTE
Meal allowance	EUR 1,800/year	Tax ceiling, not an entitlement
Performance award	EUR 1,200/year	Separate evidence and payment type
Christmas and holiday awards	EUR 700/year combined	Monitor the combined ceiling
Supplementary health insurance	EUR 500/year	Qualifying policy and conditions required
Transport	Eligible documented amount	Do not apply one flat national ceiling

Increased pay is required for difficult conditions, night work, overtime, Sunday work and work on a public holiday. Only Sunday work has a general statutory minimum premium of 50%. Other rates must be taken from the applicable collective agreement, work rules or employment contract.

VII · VISAS AND WORK PERMITS

EEA and Swiss nationals may work without a work permit or work-registration certificate. Temporary stay must be registered after 3 months. A worker posted through an EEA or Swiss employer needs an A1 certificate and a posting declaration before work begins.

VII

Visas and Work Permits

ROUTE OR TEST	2026 RULE	EMPLOYER CONTROL
EEA/Switzerland	No work permit	Register stay beyond 3 months
EEA posting	No work permit for up to 90 days in 180	A1 and prior declaration required
Standard third-country permit	Up to 3 years	Tied to employer, occupation and job
Complete-application decision	15 days	Confirm file completeness
Seasonal permit	90 days or 9 months	Depends on sector and route
EU Blue Card	48 months	Contract + 3 months for a shorter contract

Under the standard route, the employer generally obtains a labor-market test and favorable HZZ opinion. Shortage occupations and statutory categories can be exempt. A legal-person employer must generally show turnover of at least EUR 10,000 in each of the previous 6 months. A natural-person employer must show at least EUR 15,000 in total over the same period.

The number of full-time Croatian, EEA or Swiss workers must equal at least 16% of the employer's third-country workers. The ratio is 8% for occupations on the high-demand list. This is not a foreign-worker percentage cap. It is a ratio of Croatian, EEA and Swiss employees to third-country employees.

VIII · PRACTICAL NOTES AND COMPLIANCE RISKS

A common Croatian payroll failure is to process local income tax, collective-agreement coverage, employee status and leave through one national default. Residence, workplace, sector, tax card and insurance status should be verified together during onboarding.

VIII

Practical Notes and Compliance Risks

CONTROL	2026 RULE	MAIN RISK
Employment rules	From 20 employees	Matters not governed by collective agreement
Works council	May be established from 20 employees	Union or 20% of employees may propose it
Council term	4 years	Preserve election and consultation record
Employee data	Necessary and purpose-limited	Appoint authorised person from 20 employees
Disability-employment quota	Generally 3% of workforce	20-employee threshold and exemptions
New-employer exemption	24 months	Check other sector and role exclusions

Under the employee-favourability principle, the law, collective agreement, work rules, works-council agreement and individual contract are compared together. A sectoral collective agreement can change the operative wage floor, premiums or leave entitlements.

IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

The standard employer health contribution is 16.5%. A person who is eligible and hired for the first time under an indefinite contract can generate a 1-year exemption from that contribution. The employer should retain the HZMO first-employment confirmation.

IX

Incentives and Employer Support Schemes

PROGRAMME	2026 BENEFIT	CORE CONDITION
Standard hiring support	EUR 420-690/month	Disadvantaged worker and 12/24 months
Disability hiring support	EUR 680-1,130/month	Depends on education and tax relief
Green/digital hiring	EUR 470-1,210/month	Job must meet the HZZ definition
Internship and youth	EUR 590-870/month	Eligible candidate and application first
Transport support	EUR 20 or 40/month	Based on residence and workplace
Employee training	50%, 60% or 70% of cost	Employer size, with a maximum of EUR 1,200
Short-time work	Hours reduced by up to 50%	Eligible manufacturing, with up to EUR 600 net-based support

For an investment-linked job grant, a county unemployment rate below 5% can support 10% of eligible cost up to EUR 5,000 per job. Where unemployment is 5-10%, the limits are 20% and EUR 10,000. Above 10%, they are 30% and EUR 15,000. This is conditional project aid, not an ordinary payroll deduction.

General HZZ 2026 applications run to October 31, 2026, self-employment support to September 30 and the I Choose Croatia programme to December 31, or until funds are exhausted. A hiring or internship employment contract must not begin before the support application.

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EOR & PAYROLL, HANDLED

Manage Croatia payroll & employment from one center with Datassist.

Local income-tax rates, two-pillar pension contributions, collective-agreement effects and 2026 foreign-worker conditions must work within one payroll control plan. Datassist helps international employers manage Croatian payroll and employment processes from one center.

Schedule a Meeting →

€1,050	15th	2026
2026 MINIMUM WAGE	GENERAL SALARY DEADLINE	CURRENT LEGISLATION BASE

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