

Economy Profile  
Croatia

# Doing Business 2020

Comparing Business  
Regulation in  
**190** Economies



WORLD BANK GROUP

**Economy Profile of Croatia**

*Doing Business 2020 Indicators  
(in order of appearance in the document)*

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Employing workers</b>	Flexibility in employment regulation and redundancy cost

## About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.


*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

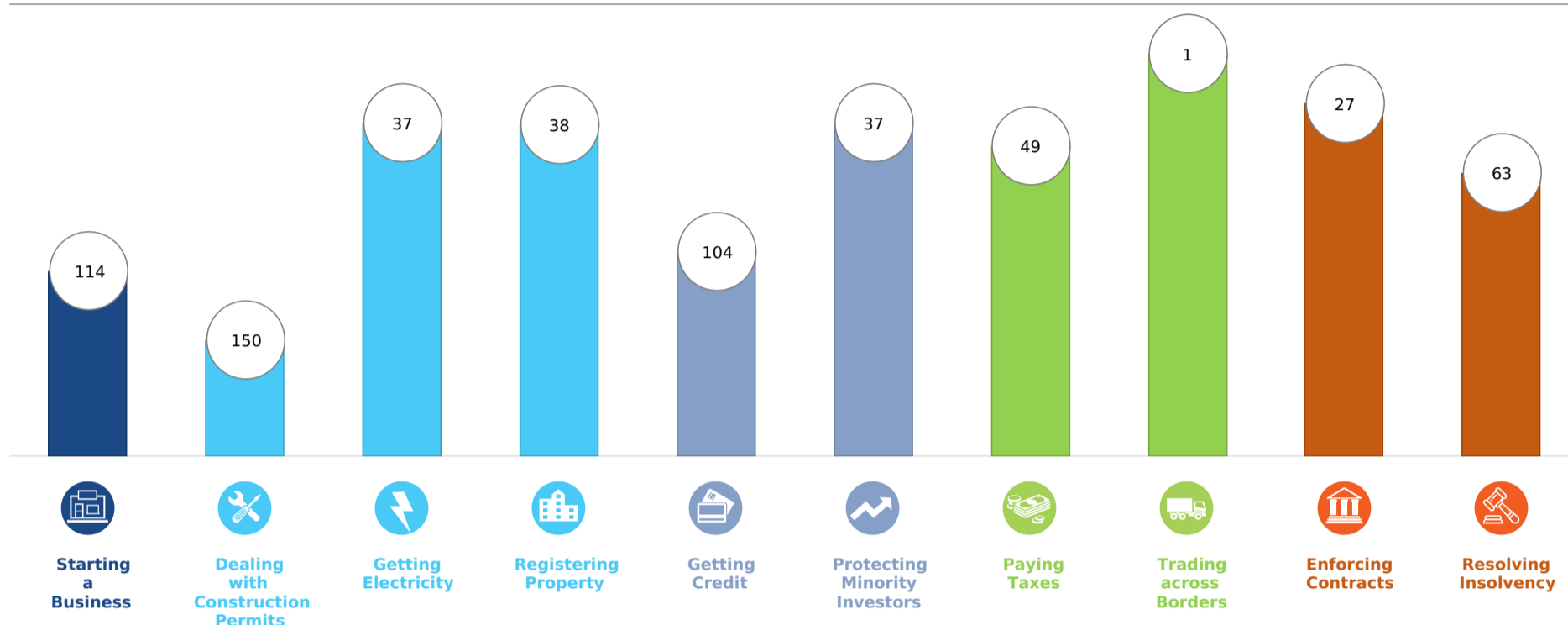
In addition, *Doing Business* offers detailed [subnational studies](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

To learn more about *Doing Business* please visit [doingbusiness.org](http://doingbusiness.org)

<p>Ease of Doing Business in <b>Croatia</b></p> 	<b>Region</b>	Europe & Central Asia	<b>DB RANK</b>	51	<b>DB SCORE</b>	73.6
	<b>Income Category</b>	High income				
	<b>Population</b>	4,089,400				
	<b>City Covered</b>	Zagreb				

Rankings on Doing Business topics - Croatia



Topic Scores



✓ <b>Starting a Business</b> (rank)	114
Score of starting a business (0-100)	85.3
Procedures (number)	7
Time (days)	19.5
Cost (number)	6.2
Paid-in min. capital (% of income per capita)	5.5
✓ <b>Dealing with Construction Permits</b> (rank)	150
Score of dealing with construction permits (0-100)	57.8
Procedures (number)	22
Time (days)	146
Cost (% of warehouse value)	9.2
Building quality control index (0-15)	12.0
<b>Getting Electricity</b> (rank)	37
Score of getting electricity (0-100)	86.8
Procedures (number)	4
Time (days)	65
Cost (% of income per capita)	261.4
Reliability of supply and transparency of tariff index (0-8)	7
✓ <b>Registering Property</b> (rank)	38
Score of registering property (0-100)	77.4
Procedures (number)	5
Time (days)	33
Cost (% of property value)	3.0
Quality of the land administration index (0-30)	23.5

<b>Getting Credit</b> (rank)	104
Score of getting credit (0-100)	50.0
Strength of legal rights index (0-12)	5
Depth of credit information index (0-8)	5
Credit registry coverage (% of adults)	0.0
Credit bureau coverage (% of adults)	6.1
<b>Protecting Minority Investors</b> (rank)	37
Score of protecting minority investors (0-100)	70.0
Extent of disclosure index (0-10)	5.0
Extent of director liability index (0-10)	6.0
Ease of shareholder suits index (0-10)	6.0
Extent of shareholder rights index (0-6)	6.0
Extent of ownership and control index (0-7)	7.0
Extent of corporate transparency index (0-7)	5.0
<b>Paying Taxes</b> (rank)	49
Score of paying taxes (0-100)	81.8
Payments (number per year)	12
Time (hours per year)	206
Total tax and contribution rate (% of profit)	20.5
Postfiling index (0-100)	66.7

<b>Trading across Borders</b> (rank)	1
Score of trading across borders (0-100)	100
<i>Time to export</i>	
Documentary compliance (hours)	1
Border compliance (hours)	0
<i>Cost to export</i>	
Documentary compliance (USD)	0
Border compliance (USD)	0
<i>Time to export</i>	
Documentary compliance (hours)	1
Border compliance (hours)	0
<i>Cost to export</i>	
Documentary compliance (USD)	0
Border compliance (USD)	0
<b>Enforcing Contracts</b> (rank)	27
Score of enforcing contracts (0-100)	70.6
Time (days)	650
Cost (% of claim value)	15.2
Quality of judicial processes index (0-18)	13.0
<b>Resolving Insolvency</b> (rank)	63
Score of resolving insolvency (0-100)	56.5
Recovery rate (cents on the dollar)	35.2
Time (years)	3.1
Cost (% of estate)	14.5
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	12.0

## Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally start and formally operate a company (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration (for example, name verification or reservation, notarization)</li> <li>• Registration in the economy's largest business city</li> <li>• Postregistration (for example, social security registration, company seal)</li> <li>• Obtaining approval from spouse to start a business or to leave the home to register the company</li> <li>• Obtaining any gender specific document for company registration and operation or national identification card</li> </ul> <p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day (2 procedures cannot start on the same day)</li> <li>• Procedures fully completed online are recorded as ½ day</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul> <p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> <li>• No professional fees unless services required by law or commonly used in practice</li> </ul> <p><b>Paid-in minimum capital (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Funds deposited in a bank or with third party before registration or up to 3 months after incorporation</li> </ul>	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p> <p><b>The business:</b></p> <ul style="list-style-type: none"> <li>-Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.</li> <li>-Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>-Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.</li> <li>-Does not qualify for investment incentives or any special benefits.</li> <li>-Is 100% domestically owned.</li> <li>-Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each.</li> <li>-Is managed by one local director.</li> <li>-Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals.</li> <li>-Has start-up capital of 10 times income per capita.</li> <li>-Has an estimated turnover of at least 100 times income per capita.</li> <li>-Leases the commercial plant or offices and is not a proprietor of real estate.</li> <li>-Has an annual lease for the office space equivalent to one income per capita.</li> <li>-Is in an office space of approximately 929 square meters (10,000 square feet).</li> <li>-Has a company deed that is 10 pages long.</li> </ul> <p><b>The owners:</b></p> <ul style="list-style-type: none"> <li>-Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old.</li> <li>-Are in good health and have no criminal record.</li> <li>-Are married, the marriage is monogamous and registered with the authorities.</li> <li>-Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.</li> </ul>

Starting a Business - Croatia

Standardized Company

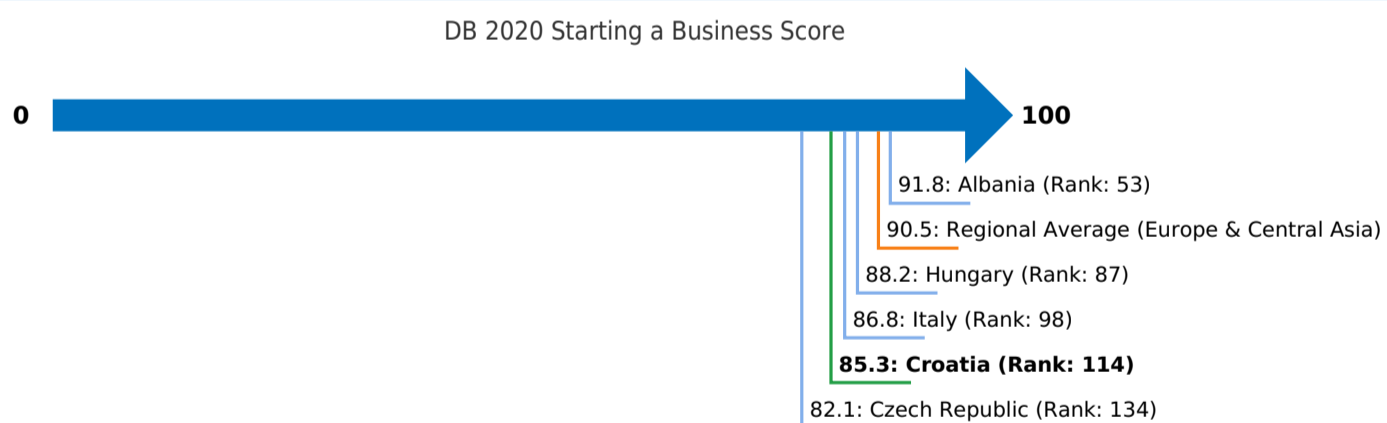
Legal form	Limited Liability Company, D.O.O.
Paid-in minimum capital requirement	HRK 5,000
City Covered	Zagreb

Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedure - Men (number)	7	5.2	4.9	1 (2 Economies)
Time - Men (days)	19.5	11.9	9.2	0.5 (New Zealand)
Cost - Men (% of income per capita)	6.2	4.0	3.0	0.0 (2 Economies)
Procedure - Women (number)	7	5.2	4.9	1 (2 Economies)
Time - Women (days)	19.5	11.9	9.2	0.5 (New Zealand)
Cost - Women (% of income per capita)	6.2	4.0	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	5.5	0.7	7.6	0.0 (120 Economies)

Figure - Starting a Business in Croatia - Score

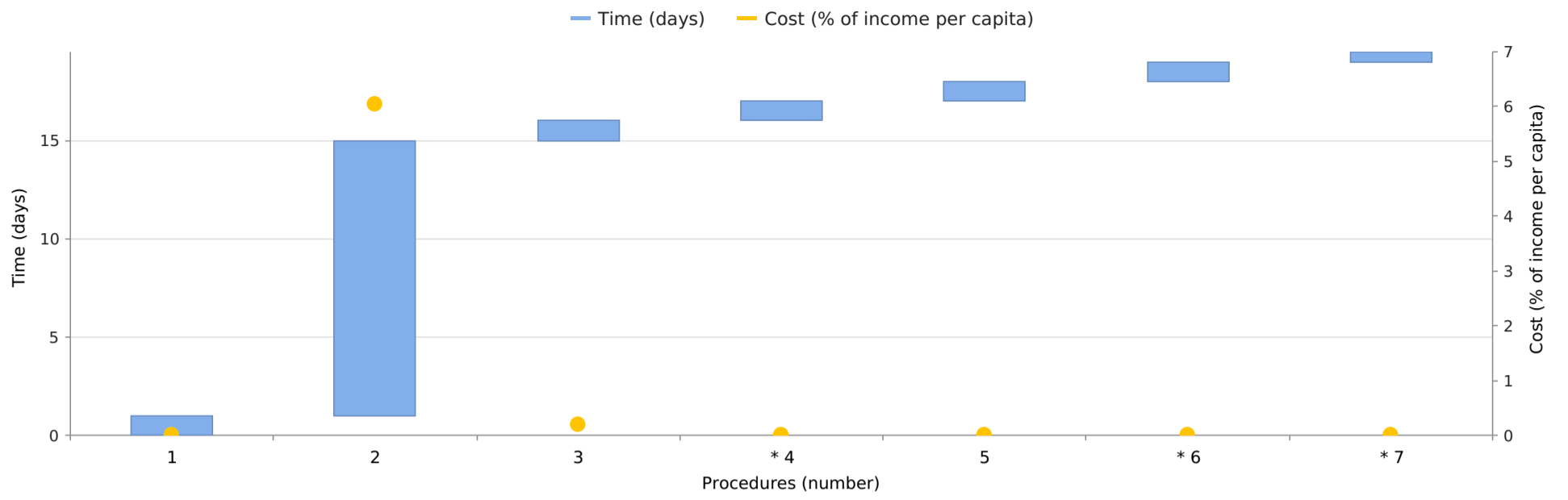


Figure - Starting a Business in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Croatia - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.



## Details - Starting a Business in Croatia - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>The notary prepares the memorandum of association</b>  <i>Agency</i> : Notary Public            Prior to incorporation, founders can check the availability of the company name at the court register website (<a href="https://sudreg.pravosudje.hr">https://sudreg.pravosudje.hr</a>) free of charge.</p> <p>The Public Notary prepares the documentation, which is then signed by the business founders and notarized.</p> <p>The documents necessary for the registration of a company are:</p> <ol style="list-style-type: none"> <li>1. Articles of Association</li> <li>2. Decision on Appointment of the Director</li> <li>3. Statement on the Acceptance of the Appointment</li> <li>4. The director's signature specimen</li> <li>5. The founders' statement on non-existence of debts</li> <li>6. The application of registration of the company</li> <li>7. List of shareholders and managers</li> </ol>	1 day	included in procedure 3
2	<p><b>Register the company with the Commercial Court</b>  <i>Agency</i> : Commercial Court            Documents that are required:</p> <ol style="list-style-type: none"> <li>1. Form/application</li> <li>2. Articles of association</li> <li>3. Proof of deposit of paid-in capital (must be deposited using a temporary bank account)</li> <li>4. Statement of declaration of the member of the association (according to article 48, members of the association should not have unsettled obligation to the Republic of Croatia)</li> <li>5. Decision of the members of the association who will be appointed for the director, CEO, etc.</li> <li>6. Declaration of the CEO and Directors that they accept the appointment and not punished for any criminal offenses.</li> <li>7. Authorization of signatures of members of boards, CEO</li> <li>8. List made by board members that contains name, address, OIB (tax number) of members of the board</li> <li>9. List of members of associations</li> </ol> <p>After the incorporation is completed the court register will issue a resolution on incorporation (incorporation certificate). This certificate is issued only upon registration of the company and is an evidence of registration (incorporation). However, upon registration (incorporation) an extract from the courts register can be also obtained. Extract from the register is a confirmation which can be released anytime after the company has been incorporated. Incorporation certificate is the court decision on incorporation, while the extract from the register is an extract provided by the court on demand and confirming that LLC has been founded.</p> <p>Commercial Court is required to issue decision about incorporation within 5 working days from application. It takes around 24 hours to register company with the Commercial court electronically. Companies have to obtain hard copy of incorporation certificate, which is typically provided in 2 weeks. The certificate is needed to prepare company seal, open a bank account, and can be requested from different authorities (e.g., Tax Administration).</p> <p>The following fees apply:            HRK 3400 + VAT + HRK 800 notary fee (drafting and notarizing the articles of association),            HRK 700 + VAT + HRK 10 notary fee, per director (drafting application for registration)            HRK 100 + 25% VAT + HRK 15 notary fee (drafting the statement of acceptance of appointment)            HRK 30 + 25% VAT + HRK 10 notary fee (notarizing founders' statements of non-existence of debts, only the certification of signature is necessary)            HRK 400 (court fees)</p>	2 weeks	see procedure details
3	<p><b>Order official seal</b>  <i>Agency</i> : Seal maker            Making a seal is not mandatory, but done in practice in most cases. Official seals can be ordered at special seal-making shops. Decision on incorporation of Company should be presented in order to have the seal made. The seal should be used on all official documents (including invoices, receipts and so on) issued by the company. Seals can also be ordered through FINA offices. If done through FINA, the entrepreneur can at the same time also apply for statistical registration.</p>	1 day	HRK 169



⇒ 4	<p><b>Apply for statistical registration number</b>  <i>Agency</i> : Croatian Bureau of Statistics (cro. Državni zavod za statistiku)</p> <p>Applying for a statistical file number can be done at the Croatian Bureau of Statistics or through the One Stop Shop service, used by HITRO.HR officers. The Croatian Bureau of Statistics defines the activity of the company per the European code so there will be 2 numbers issued from the bureau (one for the type of company and one for the activity).</p> <p>The following documents should be submitted:  1) Copy of the Commercial Court's Decision on the entry into Court Registry;  2) Copy of the Personal Identification Number (OIB) for the company;</p> <p>In HITRO.HR office, the RPS form is to be completed. Submitting RPS request is required to obtain a Notification of Classification pursuant to the National Classification of Activities of the State Institute of Statistics (assignment of business identification number and the principal activity code). After receiving a decision on the registration of the Company, HITRO.HR will automatically obtain notification of the State Institute of Statistics electronically, within one business day.</p>	1 day (simultaneous with previous procedure)	no charge
5	<p><b>Open a bank account</b>  <i>Agency</i> : Bank</p> <p>When establishing a company, the founders have to open a temporary account right after signing and the authentication of the articles of incorporation. This account is formally opened on behalf of the founders as a future company's account for the purpose of payment of start-up capital (proof of payment of at least a minimum amount is required for the registration with the Court Register). When the Court inscribes the newly founded company into the Court Register and issues a ruling, the bank transforms the existing temporary account into the company's transaction account.</p> <p>Documents required to open a company bank account are:  1. Ruling on registration of a Company,  2. Statistical registration number of a Company,  3. Personal identification number (OIB) of a Company</p> <p>In case of Ltd. Company establishment client signs: the Contract, signature cards, a statement of the beneficial owner and the related parties, and must provide a copy of personal data, extract from the Court Register and Information on classification of the business entity pursuant to the National Classification of Activities.</p>	1 day	no charge
⇒ 6	<p><b>Register for VAT and employee income tax withdrawals</b>  <i>Agency</i> : Tax Authority (Porezna Uprava)</p> <p>Upon registering with the Commercial Court Register and fulfilling its obligations with the State Bureau of Statistics, the company must register with the competent tax authority. Once a company is registered at the State Bureau of Statistics, company data is sent electronically to the tax authority, which levies the annual company tax. The company must register for VAT at the Tax Office, however, only after its first invoice (within 15 days of issuance). Once the company is registered for VAT, all tax payments can be processed through an electronic system, e-VAT. If the company's total taxable annual income exceeds HRK 300,000, it must register itself as an entity in the VAT system with the competent tax authority, based on the company's registered seat. Starting from January 01, 2009 a revision of the existing Croatian Law on Companies came into force (published in the Official Gazette no. 146/2008). The change involves inducing "OIB" (personal identification number), that replaces tax number for legal entities. Personal identification number is defined as identification mark of personal identification number that users of that number use in their official evidences and with change of dates.</p>	1 day (simultaneous with previous procedure)	no charge
⇒ 7	<p><b>Register with the Croatian Institute for Pension Insurance (HZMO) and Croatian Institute for Health Insurance (HZZO)</b>  <i>Agency</i> : Croatian Institute for Pension Insurance (HZMO) and Croatian Institute for Health Insurance (HZZO)</p> <p>The Company must register with the Croatian Institute for Pension Insurance within 24 hours from the start of its business operation. The Company must also register each of its employees with the Croatian Institute for Pension Insurance within 24 hours. Company with 3 or more employees will be obligated from 1 April 2014 to register/deregister employees at Croatian Institute for Pension Insurance exclusively online.</p> <p>Currently the procedure may be completed before the competent HZZO office. Croatian Institute for Pension Insurance and Croatian Health Insurance Fund are electronically connected, thus it is only needed for company to register with Croatian Institute for Pension Insurance and registration will be done automatically with Croatian Health Insurance Fund. The following documents should be submitted:</p> <ul style="list-style-type: none"> <li>• Decision about the registration into the Court Registry.</li> <li>• Notice of classification from the National Institute for Statistics Application (to the Croatian Health Insurance Fund).</li> <li>• Proof of place of residence and the work contract.</li> </ul> <p>All persons employed for the first time and age 40 are obliged to register in the second pillar of retirement insurance. A person has to choose the obligatory pension fund within a month from registering with the mandatory retirement insurance. If the fund is not chosen within that period, REGOS (the Central Register of the Insured) itself chooses the obligatory pension fund that the person will register with.</p>	Less than one day (online procedure, simultaneous with previous procedure)	no charge

⇒ Takes place simultaneously with previous procedure.

## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. [See the methodology for more information](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally build a warehouse (number)</b></p> <ul style="list-style-type: none"> <li>• Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates</li> <li>• Submitting all required notifications and receiving all necessary inspections</li> <li>• Obtaining utility connections for water and sewerage</li> <li>• Registering and selling the warehouse after its completion</li> </ul> <p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul> <p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> </ul> <p><b>Building quality control index (0-15)</b></p> <ul style="list-style-type: none"> <li>• Quality of building regulations (0-2)</li> <li>• Quality control before construction (0-1)</li> <li>• Quality control during construction (0-3)</li> <li>• Quality control after construction (0-3)</li> <li>• Liability and insurance regimes (0-2)</li> <li>• Professional certifications (0-4)</li> </ul>	<p>To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.</p> <p><b>The construction company (BuildCo):</b></p> <ul style="list-style-type: none"> <li>- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.</li> <li>- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.</li> </ul> <p><b>The warehouse:</b></p> <ul style="list-style-type: none"> <li>- Will be used for general storage activities, such as storage of books or stationery.</li> <li>- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.</li> <li>- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.</li> <li>- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).</li> </ul> <p><b>The water and sewerage connections:</b></p> <ul style="list-style-type: none"> <li>- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.</li> <li>- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.</li> <li>- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.</li> </ul>

Dealing with Construction Permits - Croatia

Standardized Warehouse

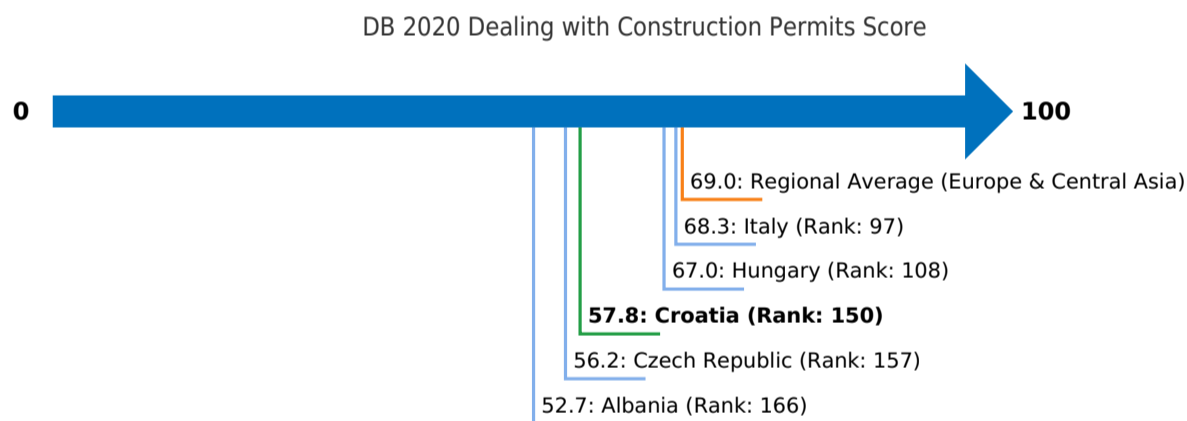
Estimated value of warehouse	HRK 4,555,159.80
City Covered	Zagreb

Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	22	16.2	12.7	None in 2018/19
Time (days)	146	170.1	152.3	None in 2018/19
Cost (% of warehouse value)	9.2	4.0	1.5	None in 2018/19
Building quality control index (0-15)	12.0	12.1	11.6	15.0 (6 Economies)

Figure - Dealing with Construction Permits in Croatia - Score

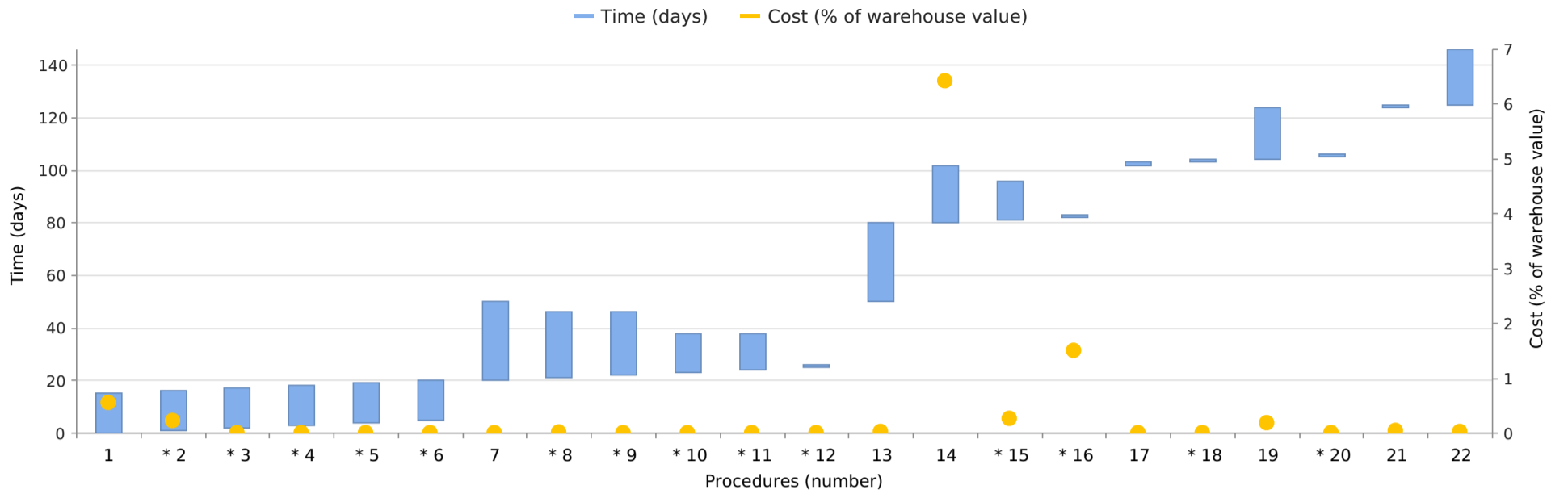


Figure - Dealing with Construction Permits in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

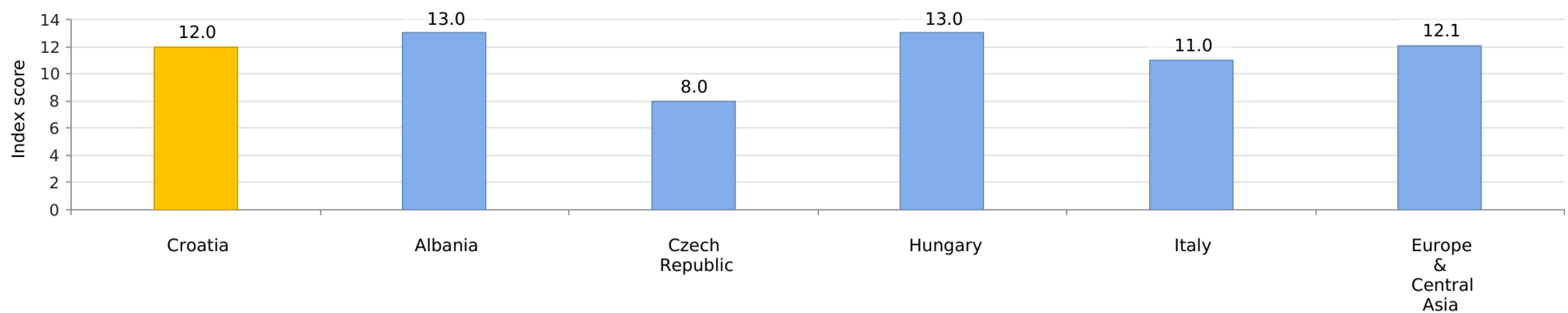
Figure - Dealing with Construction Permits in Croatia - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Croatia and comparator economies - Measure of Quality



## Details - Dealing with Construction Permits in Croatia - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain geomechanics study (soil study)</b>  <i>Agency</i> : Private agency            To test the soil for the underground a geomechanic engineer needs to prepare the soil study. The architect needs to indicate to the engineer that the project needs 3 holes and give the position of these 3 holes to the engineer. The engineer will test these 3 holes. It is a technical document.</p>	15 days	HRK 25,000
⇒ 2	<p><b>Hire a geodetic engineer to produce a geodetic study</b>  <i>Agency</i> : Private agency            BuildCo needs to hire an external geodetic engineer. Geodetic engineer obtains all needed documentation from Cadaster and Land Registry (parcel measures, a list of land owners adjacent to the future construction site, etc.), and produces a geodetic study. Geodetic study is then verified by the Cadaster, and becomes the part of the main project. After receiving the occupancy permit, geodetic engineer is also responsible for dealing with registering the building with Cadaster office.</p>	15 days	HRK 10,000
⇒ 3	<p><b>Obtain notification on conditions from the Inspectorate for Fire at the Ministry of Interior Affairs</b>  <i>Agency</i> : Inspectorate for Fire at the Ministry of Interior Affairs            BuildCo must obtain technical conditions in order to develop the main project which complies with all necessary requirements of the Inspectorate for Fire at the Ministry of Interior Affairs. Technical conditions are issued based on the preliminary project design drawings and other documents.</p>	15 days	no charge
⇒ 4	<p><b>Obtain notification on conditions from National Croatian Electric Grid</b>  <i>Agency</i> : HEP Distribution System Operator - Elektra Zagreb            BuildCo must obtain technical conditions in order to develop the main project which complies with all necessary requirements of the National Croatian Electric Grid (HEP). Technical conditions are issued based on the preliminary project design drawings and other documents.</p>	15 days	no charge
⇒ 5	<p><b>Obtain notification on conditions from waste collection department</b>  <i>Agency</i> : Waste collection department            BuildCo must obtain technical conditions in order to develop the main project which complies with all necessary requirements of the waste collection department. Technical conditions are issued based on the preliminary project design drawings and other documents.</p>	15 days	no charge
⇒ 6	<p><b>Obtain notification on conditions from the Local Water Authority</b>  <i>Agency</i> : Zagreb Holding d.o.o. - Water and sewerage            BuildCo must obtain technical conditions in order to develop the main project which complies with all necessary requirements of the local water authority. Technical conditions are issued based on the preliminary project design drawings and other documents.</p>	15 days	no charge
7	<p><b>Receive clearance from the waste collection department</b>  <i>Agency</i> : Waste Collection Department            BuildCo must obtain a clearance to ensure that the building has been constructed in accordance with the conditions that were outlined for the building.</p>	30 days	no charge
⇒ 8	<p><b>Receive clearance from the Inspectorate for Fire at the Ministry of Interior Affairs</b>  <i>Agency</i> : Inspectorate for Fire at the Ministry of Interior Affairs            Inspectorate for Fire at the Ministry of Interior Affairs is issuing a clearance to ensure that the building has been constructed in accordance with the conditions that were outlined for the building.            A request for this clearance must include fire protection study (if it is required by any regulation), one copy of the main project, and evidence of payment of administrative fees.</p>	25 days	HRK 350

After the main project is inspected for the fire protection, the Ministry of internal affairs or local competent police station will issue the clearance. There is a clearance to ensure that the building has been constructed in accordance with the conditions that were outlined for the building.

⇒ 9	<p><b>Receive clearance from the Sanitary Inspectorate</b></p> <p><i>Agency</i> : Sanitary Inspectorate</p> <p>BuildCo needs to acquire a clearance from Sanitary Inspection to prove that the building has been constructed in accordance with the conditions that were outlined for the building, especially regarding health protection laws and regulations. This inspection also includes a noise inspection clearance. Sanitary inspection representative will be present at the final inspection, before the occupancy permit is issued, to check the building's compliance with sanitary standards.</p>	24 days	HRK 70
⇒ 10	<p><b>Receive clearance from the National Croatian Electric Grid</b></p> <p><i>Agency</i> : HEP Distribution System Operator - Elektra Zagreb</p> <p>BuildCo must obtain clearance from the HEP Distribution System Operator. Each municipality/city has a HEP Distribution System Operator local office which issues this clearance, free of charge. In the case of Zagreb, that is HEP - Elektra Zagreb.</p> <p>This clearance observes certain technical, economic, and other power connection and network proficiencies of the construction.</p>	15 days	no charge
⇒ 11	<p><b>Receive clearance from the Local Water Authority</b></p> <p><i>Agency</i> : Zagreb Holding d.o.o. - Water and sewerage</p> <p>BuildCo must obtain preliminary approvals for water supply and sewerage from Zagreb Holding d.o.o. - Water and sewerage. Two clearances are issued - one for water supply and another one for sewerage. Even though these clearances are issued by separate departments of the same entity, customers use a single document and a single point of contact to acquire both clearances.</p> <p>Zagreb Holding d.o.o. - Water and sewerage looks at the main project and its compliance with technical aspects of water and sewerage networks' standards and procedures.</p>	14 days	no charge
⇒ 12	<p><b>Obtain excerpt from the Land Registry for subject and bordering lands</b></p> <p><i>Agency</i> : Land Registry</p> <p>The excerpt from the Land Registry is required for the building permit application as evidence of the legal interest to build.</p> <p>While the documents are currently available for viewing online, they are not accepted as official documentation at this time.</p> <p>If the investor in the construction is not the owner of the land, according to The Building Act of 2013, there are other newly acceptable ways to prove legal interest, including contracts and written approval from the owner.</p>	1 day	HRK 20
13	<p><b>Request and receive building permit</b></p> <p><i>Agency</i> : Municipal Authority</p> <p>The construction of a building may commence only on the basis of a final and effective building permit. After obtaining all needed documentation, BuildCo requests and obtains a building permit. Building permit is issued by the municipal office responsible for physical planning and construction. Before receiving a building permit, applicant has to submit an inquiry to the municipal office responsible for physical planning and construction, with the main project enclosed, in order to receive a list of all authorities that need to preliminarily approve the project and issue various clearances before the building permit application is submitted for approval.</p> <p>The investor's application for issuing the building permit shall be accompanied by:</p> <ol style="list-style-type: none"> <li>1. The main design in electronic form;</li> <li>2. A report on the preformed main audit design, if the audit is prescribed;</li> <li>3. Evidence of legal interest for the issuance of the building permit;</li> <li>4. Evidence that the person is the investor (concession, approval or other official act prescribed by special regulation) in case of a construction work for which a special act prescribes who the investor may be.</li> </ol> <p>The building control authority will then, within five days of receipt of the notification of commencement, notify the Ministry of Interior, building inspection, labor inspection, administrative body of the local self-government unit competent for determining utility charges and body competent for determining water charges.</p>	30 days	HRK 1,070
14	<p><b>Obtain decision from the Municipal Authority regarding utilities</b></p> <p><i>Agency</i> : Municipal Authority</p> <p>BuildCo must obtain a decision from the Municipal Authority on utility fees, based on the construction permit. The amount of the fee depends on the building size (in cubic meters) and on the location.</p> <p>Buzin is located in Zone III for which the communal contribution fee is HRK 75 per m<sup>3</sup> of building volume. According to the Spatial Plan of the City of Zagreb, it is possible to construct production buildings, including the warehouses, in the area of Buzin.</p> <p>In the area of Sesevetski Kraljevec (eastern peripheral part of the city of Zagreb), the city has reserved a zone for the construction of production and storage buildings. For this area, the communal contribution fee is HRK 15 per m<sup>3</sup> (Zone V). This decision came into force in March 2019. Construction of a warehouse is possible in both locations.</p>	22 days	HRK 292,613



⇒ 15	<p><b>Pay water contribution to the state company Croatian Waters (Hrvatske Vode)</b>  <i>Agency</i> : Croatian Waters (Hrvatske Vode)</p> <p>The water contribution is paid to finance the management of water resources and protection from floods. The cost is determined based on the following:</p> <p>(i) The zone the new construction is in. Zone A is Zagreb and the protected coastal area, Zone B is the rest of the country, and Zone C are areas subject to special Government care.  (ii) The purpose of the construction (residential, industrial, public interest).  (iii) The volume of the construction.</p> <p>The cost for the case study warehouse is 3901.5 * HRK 3.00 according to the fee schedule of Hrvatske Vode (www.voda.hr).</p>	15 days	HRK 11,705
⇒ 16	<p><b>Hire an external supervising engineer to conduct inspections during construction</b>  <i>Agency</i> : Private Firm</p> <p>Per Art. 50 &amp; 56 of the Construction Law NN 153/ 13 , BuildCo must hire an external engineer to supervise the construction work. The cost varies, as it depends on the negotiations between BuildCo and external engineer, but the most usual cost calculation is 1.5% of the building value.</p> <p>This is one of the key roles in the whole process, as external supervising engineer is responsible for technical and expert supervision of the construction site from the commencement notice until the occupancy permit is issued. External supervising engineer also has to participate in the final inspection of the construction.</p>	1 day	HRK 68,327
17	<p><b>Submit commencement notice</b>  <i>Agency</i> : Municipal office for physical planning and construction</p> <p>The investor must notify the building control authority eight days before the commencement of construction. In the notification the builder must include:</p> <ul style="list-style-type: none"> <li>• Building classification</li> <li>• Register number</li> <li>• Date of issue of the building permit</li> <li>• List the contractor and supervising engineer</li> <li>• Evidence that the building plot was formed in the cadastre if the building is subject to specification of the building plot</li> </ul> <p>The building control authority will then, within five days of receipt of the notification of commencement, notify the Ministry of Interior, building inspection, labor inspection, administrative body of the local self-government unit competent for determining utility charges and body competent for determining water charges, while the building inspection shall also be notified whether the notification is complete.</p>	1 day	HRK 20
⇒ 18	<p><b>Receive random inspection from the Ministry of Construction and Physical Planning</b>  <i>Agency</i> : Ministry of Construction and Physical Planning - Building Inspection</p> <p>Building Inspection, as a part of Ministry of Construction and Physical Planning, conducts inspections of the construction site, in order to determine if the construction is in compliance with the laws and regulations in the area of building and physical planning.</p> <p>Inspections are random and may occur on multiple occasions throughout the construction process.</p>	1 day	no charge
19	<p><b>Obtain water and sewage connection</b>  <i>Agency</i> : Zagreb Holding d.o.o. - Water and sewerage</p> <p>BuildCo obtains water and sewerage connection from the Water &amp; sewerage Authority of Zagreb.</p>	20 days	HRK 8,000



⇒ 20	<p><b>Apply for occupancy (use) permit</b>  <i>Agency</i> : Municipal office for physical planning and construction</p> <p>The occupancy permit is mandatory for the use of a completed building. The following documents must be submitted:</p> <ul style="list-style-type: none"> <li>• Photocopy of the building permit or a copy of the main design for construction work</li> <li>• Information on the participants in the construction (investor, designer, general contractor, supervising engineer)</li> <li>• Written statement of the contractor on works completed and the requirements for the maintenance of the construction</li> <li>• Final report of the supervising engineer</li> <li>• Statement of the geodetic engineer that the construction work was built in accordance with the surveying design</li> <li>• Surveying study for entering the construction work in the cadaster or for change of information on buildings and other construction works, if the construction work is not subject to developing the surveying design, but is to be entered in the cadaster</li> <li>• Statement of the authorized geodetic engineer that the construction work is located on the building plot</li> <li>• Energy certificate of the building, if applicable</li> </ul> <p>The Municipality forms an evaluation committee within 30 days after the submission of the application for the issuance of the occupancy permit, and determines the date of the on-site inspection. The investor submits various documents which substantiate that the construction has been conducted in accordance with the regulations (e.g., construction diary, licenses of the construction firm which executed the works, technical certificates for the material used in the construction, etc.) to the evaluation committee no later than one day after the site inspection. If any of the members of the evaluation committee find that the building does not comply with a specific requirement, the investor may be given an additional 90 days to make the necessary corrections (if the error is, in fact, can be corrected). If all requirements have been met, the Municipality should issue the occupancy permit within 30 days after the inspection.</p>	1 day	HRK 20
21	<p><b>Receive final inspection</b>  <i>Agency</i> : Municipal office for physical planning and construction</p> <p>Within 15 to 30 days after receiving a request for the occupancy permit, a technical review team from the municipality must conduct the final inspection. All entities that previously participated in this process and issued permits or clearances, would participate in this final inspection.</p>	1 day	HRK 2,040
22	<p><b>Receive occupancy (use) permit</b>  <i>Agency</i> : Municipal office for physical planning and construction</p> <p>After the on-site inspection, the municipality has up to 30 days to issue the occupancy certificate.</p>	21 days	HRK 1,070

⇒ Takes place simultaneously with previous procedure.

## Details - Dealing with Construction Permits in Croatia - Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>12.0</b>
<b>Quality of building regulations index (0-2)</b>		<b>2.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
<b>Quality control before construction index (0-1)</b>		<b>0.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	By law, there is no need to verify plans compliance; Civil servant reviews plans.	0.0
<b>Quality control during construction index (0-3)</b>		<b>2.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by external engineer or firm.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
<b>Quality control after construction index (0-3)</b>		<b>3.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
<b>Liability and insurance regimes index (0-2)</b>		<b>1.0</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
<b>Professional certifications index (0-4)</b>		<b>4.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2.0

## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

Getting Electricity - Croatia

Standardized Connection

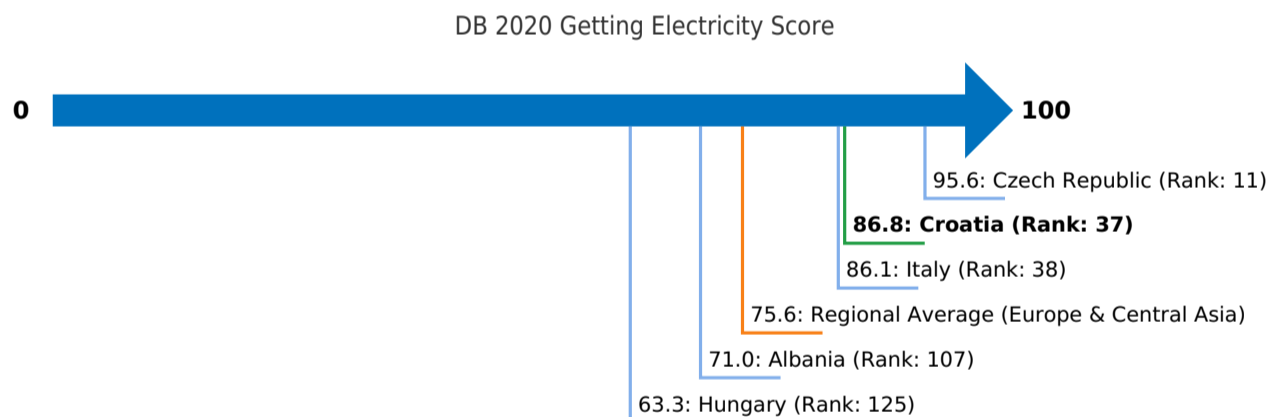
Name of utility	HEP ODS
Price of electricity (US cents per kWh)	16.8
City Covered	Zagreb

Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	4	5.1	4.4	3 (28 Economies)
Time (days)	65	99.6	74.8	18 (3 Economies)
Cost (% of income per capita)	261.4	271.9	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	7	6.2	7.4	8 (26 Economies)

Figure - Getting Electricity in Croatia - Score

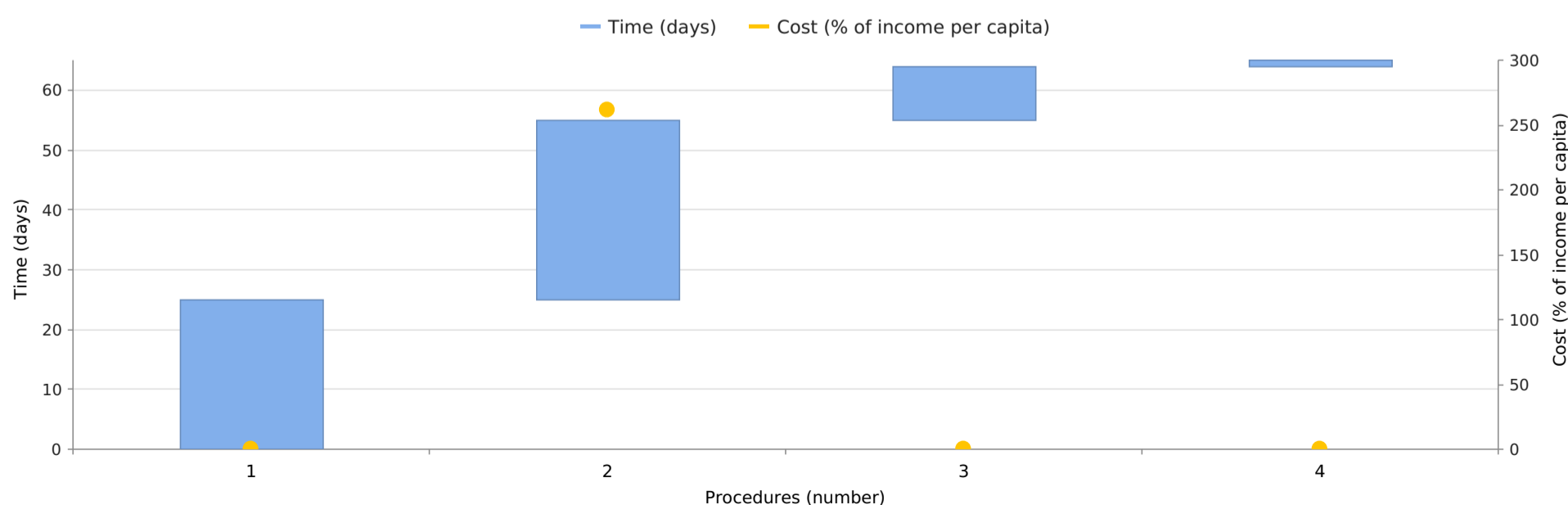


Figure - Getting Electricity in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure - Getting Electricity in Croatia - Procedure, Time and Cost

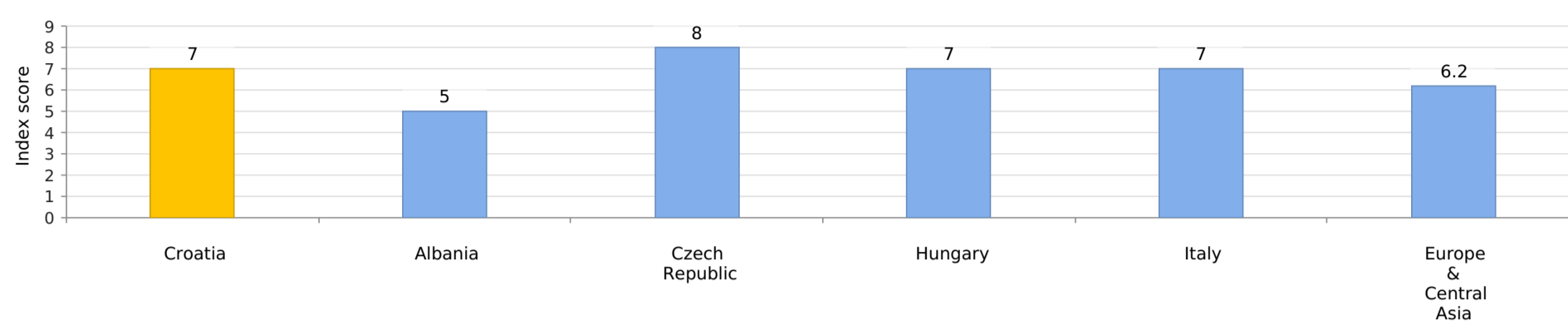


\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures

reflected here, see the summary below.

Figure - Getting Electricity in Croatia and comparator economies - Measure of Quality



## Details - Getting Electricity in Croatia - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Submit application and receive preliminary connection approval and contract</b>  <i>Agency</i> : HEP Distribution System Operator (HEP ODS)</p> <p>The applicant starts the process by requesting a provisional connection authorization from HEP ODS, the national electricity distributor. This request is regulated by the "General conditions of electricity supply" (Official Gazette, No. 14/06), article 7. The applicant needs to provide information about the location and the type of construction, as well as the basic characteristics of the requested connection (e.g. the type of connection, the capacity needed, the category of consumption, and the estimated annual electricity consumption). The applicant also needs to enclose a set of documents, such as the excerpt from cadastral plan, the description or conceptual design of the construction, and a list the power consumption equipment with technical characteristics and nominal power.</p> <p>HEP ODS assesses the feasibility of the connection and determines the technical and economic conditions for connecting the building to the grid. If the connection is approved, HEP ODS sends a connection contract to the client, together with the technical and economic conditions and the approved provisional connection authorization.</p>	25 calendar days	HRK 0
2	<p><b>Accept estimate and await completion of external works by utility</b>  <i>Agency</i> : HEP ODS</p> <p>The customer signs and returns the connection contract to HEP ODS. At least 50% of the connection fee must be paid within 8 days after signing the contract. Upon the payment of 50% of the fee, the construction works can start. The external connection construction, carried out by HEP ODS, includes the installation of a connection cubicle, of a meter, of a tariff switch unit or a time-switch and a limiter switch or other demand controller. According to the "Rulebook on charges for connection to the power grid and for increasing the connection power" and to the "Decision on the amount of the fee for connecting to the power grid and for increasing the power", the connection fees in Zagreb are HRK 1,700 per kVA.</p> <p>In most cases in Zagreb, for a new connection with a subscribed capacity of 140 kVA, the installation of a transformer is not needed.</p>	30 calendar days	HRK 238,184.43
3	<p><b>Submit internal wiring certificate to utility and request final connection</b>  <i>Agency</i> : HEP ODS</p> <p>Once the connection is ready, the customer has to submit the "Request for electricity power supply and conclusion of the network agreement". The application form is available online on HEP ODS website. Together with this form, the customer has to submit the internal wiring certificate, a statement on final inspection and testing of electrical installation, a certificate on electric installations usage, a proof that the connection fees have been paid in full, and the building permit of the construction. The documents pertaining to the electrical installation can be prepared by the client's electrician - or a third party firm if the client's electrician does not have the required qualifications. If this documentation is satisfactory, HEP ODS issues a final connection approval and a network usage contract that the customer needs to sign.</p>	9 calendar days	HRK 0
4	<p><b>Receive visit by utility to open the meter</b>  <i>Agency</i> : HEP ODS</p> <p>After receiving the final connection approval and signing the network usage contract, an authorized person from HEP ODS comes to switch on the meter and electricity starts flowing. In terms of the supply contract, the customer has the option to sign a supply agreement with a private supplier in the liberalized market but this is typically done once connected as HEP is the default supplier.</p>	1 calendar day	HRK 0

⇒ Takes place simultaneously with previous procedure.

## Details - Getting Electricity in Croatia - Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	7
<b>Total duration and frequency of outages per customer a year (0-3)</b>	2
System average interruption duration index (SAIDI)	3.3
System average interruption frequency index (SAIFI)	1.6
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
<b>Communication of tariffs and tariff changes (0-1)</b>	1
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="http://www.hep.hr/ods/kupci-154/kucanstvo/tarifni-modeli/34">http://www.hep.hr/ods/kupci-154/kucanstvo/tarifni-modeli/34</a> <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2015_12_134_2533.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2015_12_134_2533.html</a>
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.



## Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

#### Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

### Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

#### The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

#### The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

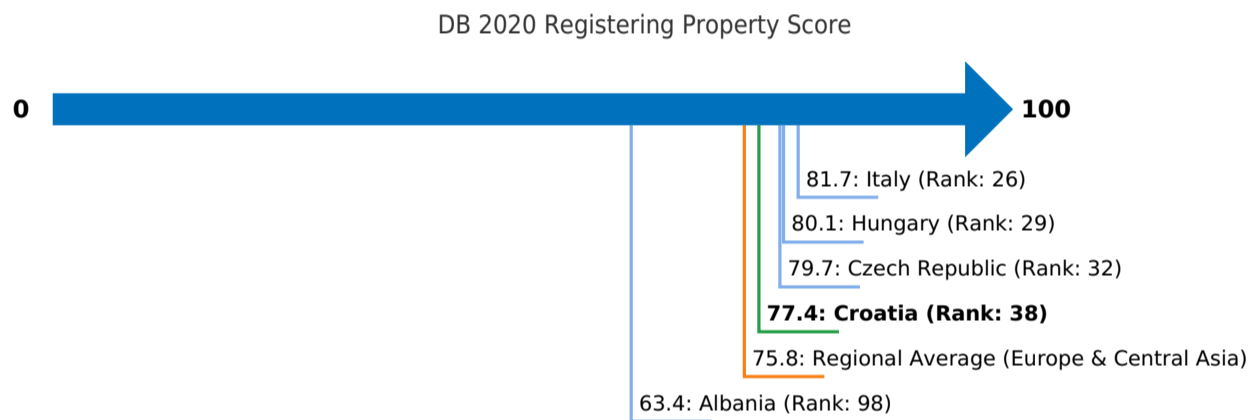
Registering Property - Croatia

Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	5	5.5	4.7	1 (5 Economies)
Time (days)	33	20.8	23.6	1 (2 Economies)
Cost (% of property value)	3.0	2.7	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	23.5	20.4	23.2	None in 2018/19

Figure - Registering Property in Croatia - Score

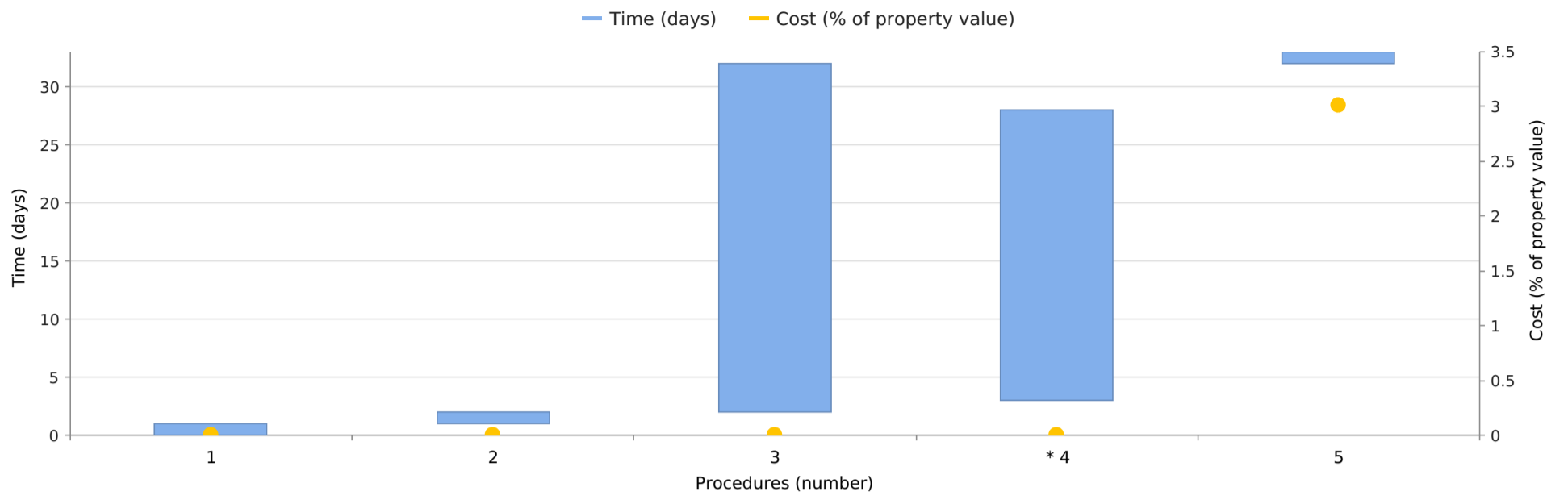


Figure - Registering Property in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

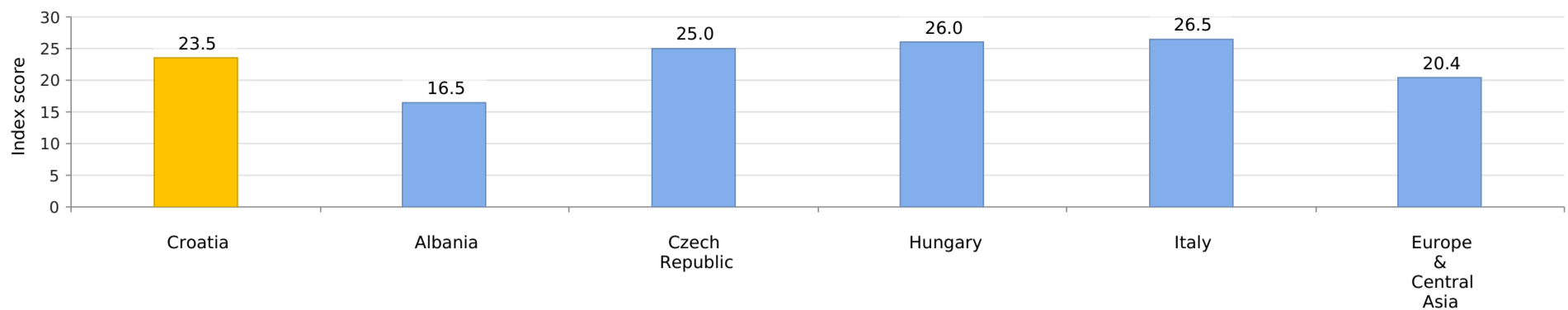
Figure - Registering Property in Croatia - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Croatia and comparator economies - Measure of Quality



## Details - Registering Property in Croatia - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain the land registry extract from the competent land register court</b>  <i>Agency:</i> Municipal Court Zagreb, Land Registry Office</p> <p>As part of the due diligence process, the buyer needs to know the status of the property. For transaction involving large sale amount as in the case scenario, the buyer, or their representative would go personally to the land registry to look at the documents and make sure everything is aligned. An unofficial land registry extract, without legal power, can be obtained online by anyone at any time, via internet page of the Ministry of Justice. Since November, 30, 2015 notary with the certificate from Croatian Notary Chamber and Financial Agency can issue the formal extract from any land registry office of any Municipal.</p>	1 day	HRK 20; (HRK 20 per extract)
2	<p><b>Notary notarizes the sale contract</b>  <i>Agency:</i> Notary</p> <p>Land Registry Department of the Municipal Court will allow registration of ownership right only based on public documents or private documents with a notarized signature of at least a person whose right is going to be restricted, encumbered, terminated or conveyed. Thus, the Land Registry Department of the Municipal Court will allow registration of ownership right based on the sale contract if a public notary verified / notarized the signature of the seller (a party whose property right will be restricted, encumbered, terminated or conveyed).</p>	1 day	HRK 40; (HRK 40.0 (VAT not included) (47.5 VAT included) per signature verified by public notary)
3	<p><b>Submit the sale contract to the municipal tax administration to receive an estimate of the land transfer taxes</b>  <i>Agency:</i> Municipal Tax Administration</p> <p>The buyer submits the sale contract to the municipal tax administration (although the notary is legally mandated to do the same as well) to receive an estimate of the land transfer taxes to be paid. Pursuant to Article 19 of the new Real Estate Transfer Tax Act (Official Gazette No. 115/2016) in force as of January 1, 2017, a person is obligated to pay the real estate transfer tax, and is exceptionally obligated to submit a real estate transfer tax application if documents on the acquisition of the real estate were not notarized by the notary public, issued by the competent court or other public authority. A person is obligated to submit a real estate transfer application to the Municipal Tax Administration where the real estate is located within 30 days.</p> <p>Likewise, a public notary is obligated to electronically deliver one copy of a document which is a legal base for real estate transfer, together with the personal identification number PIN ("OIB") of the parties, within 30 days to the Municipal Tax Administration where the real estate is located. (Pursuant to Article 18 of the new Real Estate Transfer Tax Act (Official Gazette No. 115/2016) in force as of January 1, 2017).</p>	30 days	Taxes paid in Procedure 5
⇒ 4	<p><b>Request for property registration/title transfer is submitted</b>  <i>Agency:</i> Municipal Court Zagreb, Land Registry Office</p> <p>The request for property registration/title transfer approval is submitted to Land Registry Office at the Municipal Court. The Registry conducts the registration procedure and renders the decision issuing the property title. The process of recording the sale agreement with the competent land register court takes around 20-30 days. Although the date of application for registration will be marked in the Registry as the moment of transferring the ownership, Only the final decision, the one allowing the registration has the full legal effect.</p> <p>The documentation to be submitted shall include:</p> <ul style="list-style-type: none"> <li>(i) Notarized sale agreement</li> <li>(ii) Application form</li> <li>(iii) Certified copy of an ID or a passport</li> <li>(iv) Personal Identification Number (OIB) (required since January 1, 2009, Land registry Act of December 18, 2009).</li> </ul>	25 days	Registration fee is paid in Procedure 5
5	<p><b>Pay land transfer taxes, registration fee and stamp duty at the commercial bank or post office</b>  <i>Agency:</i> Commercial Bank or Post Office</p> <p>The fees and taxes can be paid in the post offices or in the commercial banks, but only to the indicated State Budget bank account number.</p>	1 day	HRK 136,904.79; (3% of property value (real property transfer tax) + HRK 200 (registration fee) + HRK 50 stamp duty)

⇒ Takes place simultaneously with previous procedure.

## Details - Registering Property in Croatia - Measure of Quality

	Answer	Score
<b>Quality of the land administration index (0-30)</b>		<b>23.5</b>
<b>Reliability of infrastructure index (0-8)</b>		<b>6.0</b>
Type of land registration system in the economy:	Title Registration System	
What is the institution in charge of immovable property registration?	Municipal Court Zagreb, Land Registry Department	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Zagreb City Office for Cadastre and Geodetic Affairs	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Different databases but linked	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
<b>Transparency of information index (0-6)</b>		<b>3.5</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="https://gov.hr/moja-uprava/stanovanje-i-okolis/vlasnicka-prava/upis-prava-vlasnistva/1855">https://gov.hr/moja-uprava/stanovanje-i-okolis/vlasnicka-prava/upis-prava-vlasnistva/1855</a>	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://sudovi.pravosu-dje.hr/ogszg/index.php?linkID=38">http://sudovi.pravosu-dje.hr/ogszg/index.php?linkID=38</a>	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2018:	18,331 (Based on purchase sale contracts)	
Who is able to consult maps of land plots in the largest business city?	Freely accessible by anyone	0.5

Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://sudovi.pravosu dje.hr/ogszg/img/File/ ZOSP_i_ZZK_sudsk e_pristojbe.pdf	
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0-8)</b>		<b>8.0</b>
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
Are all privately held land plots in the economy mapped?	Yes	2.0
<b>Land dispute resolution index (0-8)</b>		<b>6.0</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Act on Ownership and Other Real Rights (Official Gazette 91/1996, 68/1998, 137/1999, 22/2000, 73/2000, 114/2001, 79/2006, 141/2006, 146/2008, 38/2009, 153/2009, 90/2010, 143/2012, 152/2014)	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	
Legal basis:	Art. 209. of the Land Registry Act (published in the Official Gazette No. 91/96, 68/98, 137/99, 114/01, 100/04, 107/07, 152/08, 126/10, 55/13, 60/13, 108/2017)	
Is there a is a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	Yes	0.5
Legal basis:	The Judiciary Act (Official Gazette No. 28/13, 33/15, 82/15, 82/16, 67/18); the Civil Servants Act (Official Gazett No. 92/05, 140/05, 142/06, 77/07, 107/07, 27/08, 34/11, 49/11, 150/11, 34/12, 49/12, 37/13, 38/13, 01/15, 138/15, 61/17) The Civil Obligations Act (Official Gazette No. 35/05, 41/08, 125/11, 78/15, 29/18).	

Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary;	
Is there a national database to verify the accuracy of government issued identity documents?	No	0.0
What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city?	Municipal civil court Zagreb, Land Registry department	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 1 and 2 years	2.0
Are there publicly available statistics on the number of land disputes at the economy level in the first instance court?	Yes	0.5
Number of land disputes in the economy in 2018:	8018.0	
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	Yes	0.0



## Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

#### Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

#### Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

#### Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

### Case study assumptions

*Doing Business* assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

#### Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

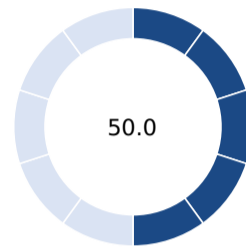
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Croatia

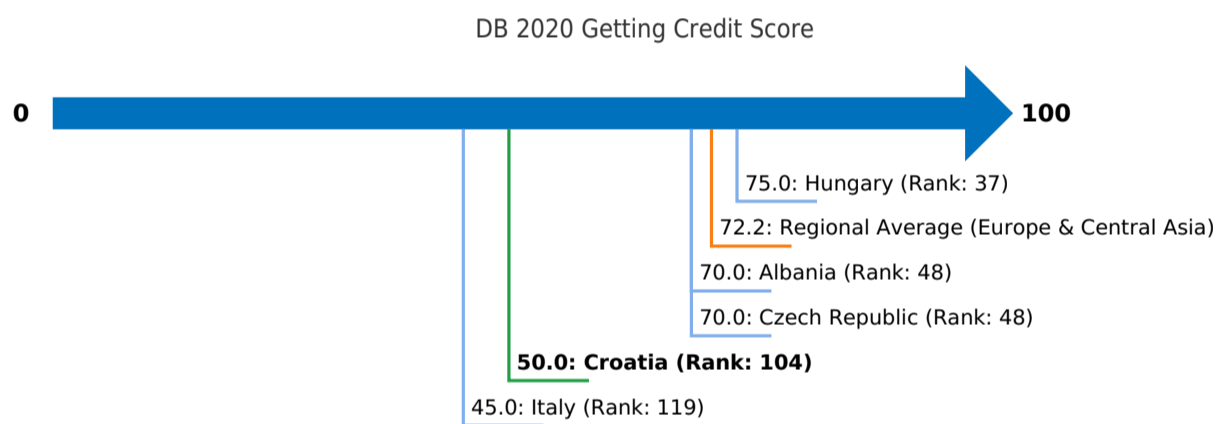
Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	5	7.8	6.1	12 (5 Economies)
Depth of credit information index (0-8)	5	6.7	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	0.0	24.0	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	6.1	41.7	66.7	100.0 (14 Economies)

Figure - Getting Credit in Croatia - Score



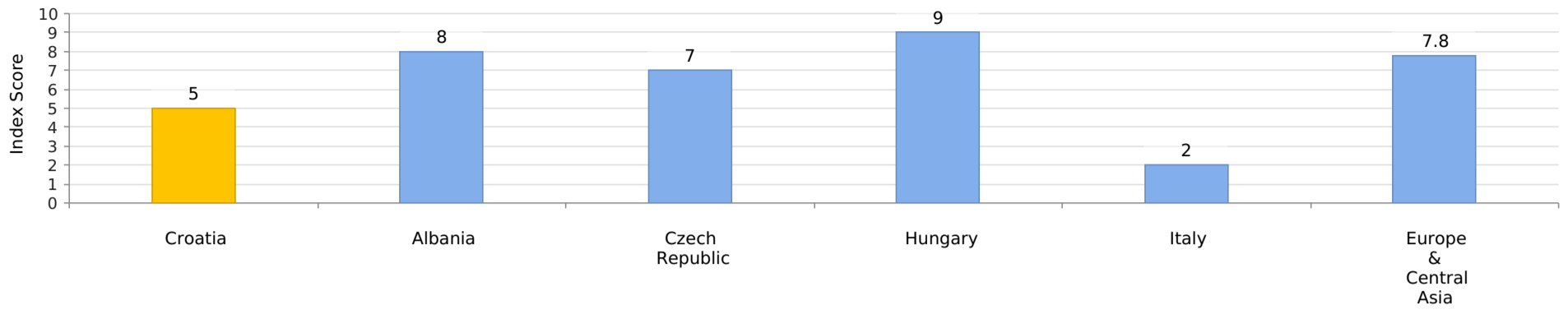
Score - Getting Credit

Figure - Getting Credit in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Croatia and comparator economies



Details - Legal Rights in Croatia

Strength of legal rights index (0-12)

5

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? No

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? Yes

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? Yes

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

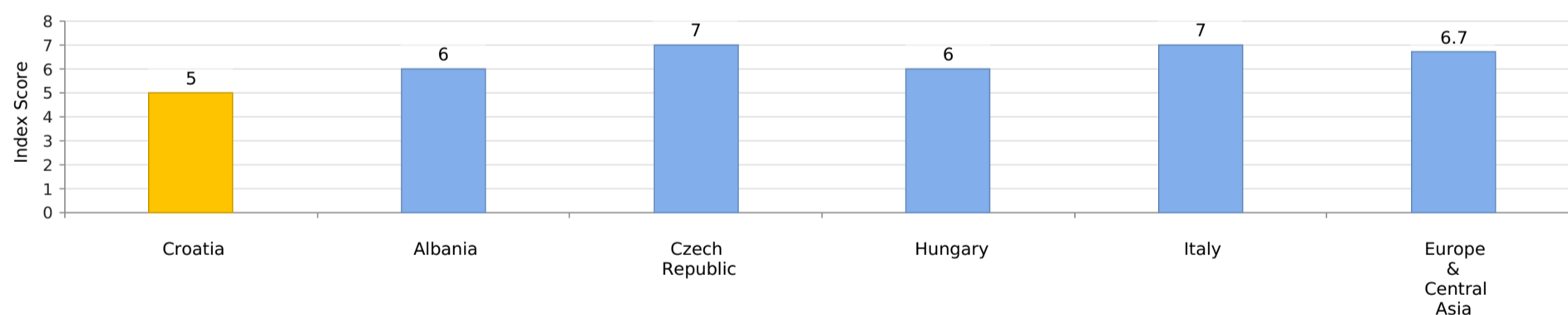
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? No

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? Yes

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? No

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? Yes

Figure - Credit Information in Croatia and comparator economies



## Details - Credit Information in Croatia

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	No	No	0

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	0	0
Number of firms	162,782	0
Total	162,782	0
<b>Percentage of adult population</b>	<b>6.1</b>	<b>0.0</b>

## Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

- **Extent of disclosure index (0-10):** Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-20):** Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-50):** Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

### Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

#### The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

#### The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

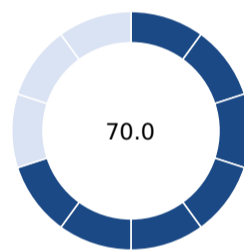
Protecting Minority Investors - Croatia

Stock exchange information

Stock exchange	Zagreb Stock Exchange
Stock exchange URL	http://www.zse.hr
Listed firms with equity securities	232
City Covered	Zagreb

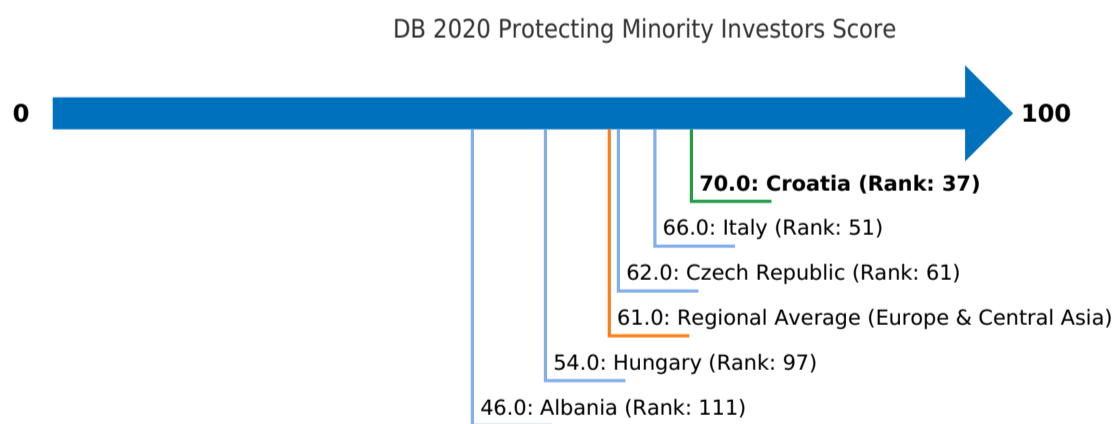
Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	5.0	7.5	6.5	10 (13 Economies)
Extent of director liability index (0-10)	6.0	5.0	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	6.0	6.8	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	6.0	3.4	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	7.0	3.7	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	5.0	4.1	5.7	7 (13 Economies)

Figure - Protecting Minority in Croatia - Score



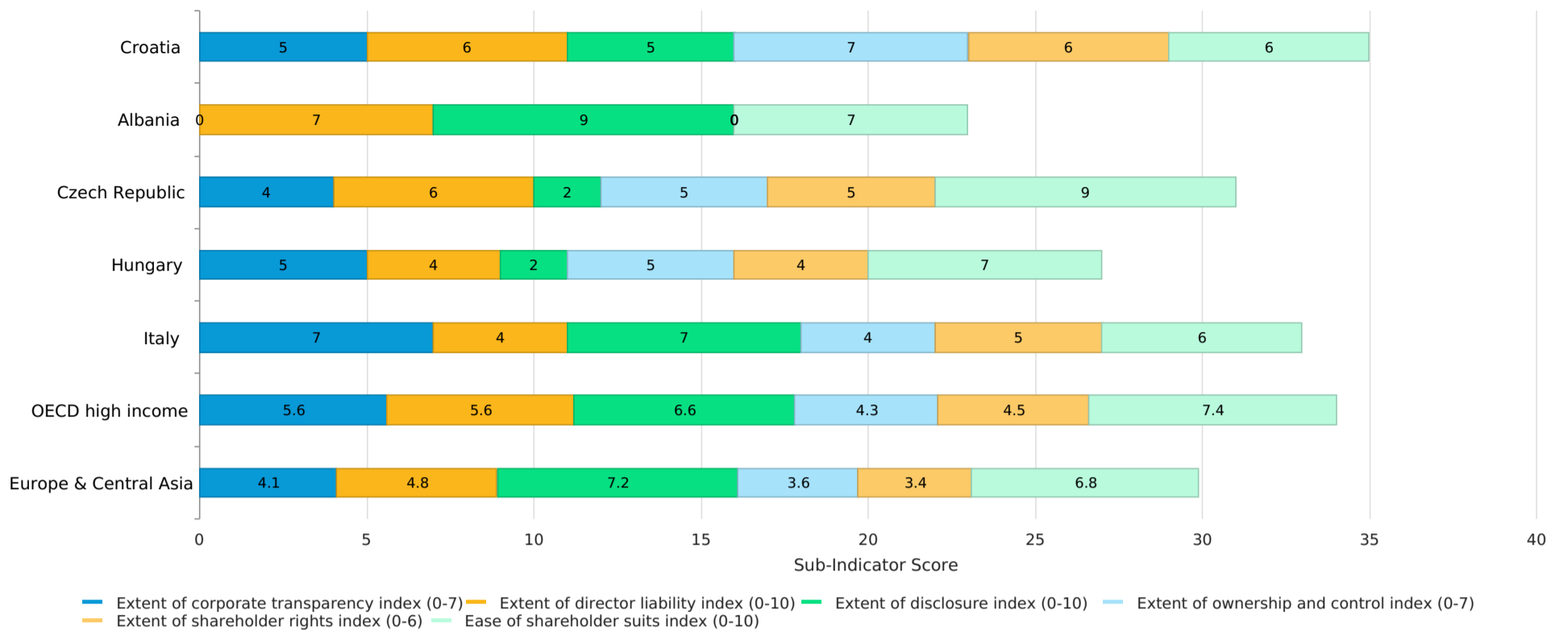
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Croatia and comparator economies - Measure of Quality





## Details - Protecting Minority Investors in Croatia - Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-30)</b>		
<b>Extent of disclosure index (0-10)</b>		<b>5.0</b>
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders or board of directors including interested parties	1.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	No disclosure obligation	0.0
<b>Extent of director liability index (0-10)</b>		<b>6.0</b>
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Voidable if negligently concluded	1.0
<b>Ease of shareholder suits index (0-10)</b>		<b>6.0</b>
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Documents that the defendant relied on	1.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
<b>Extent of shareholder governance index (0-20)</b>		
<b>Extent of shareholder rights index (0-6)</b>		<b>6.0</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Do shareholders elect and dismiss the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
<b>Extent of ownership and control index (0-7)</b>		<b>7.0</b>
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	Yes	1.0

Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
<b>Extent of corporate transparency index (0-7)</b>		<b>5.0</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	No	0.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0

## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 – December 31, 2018). [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

#### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

#### Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

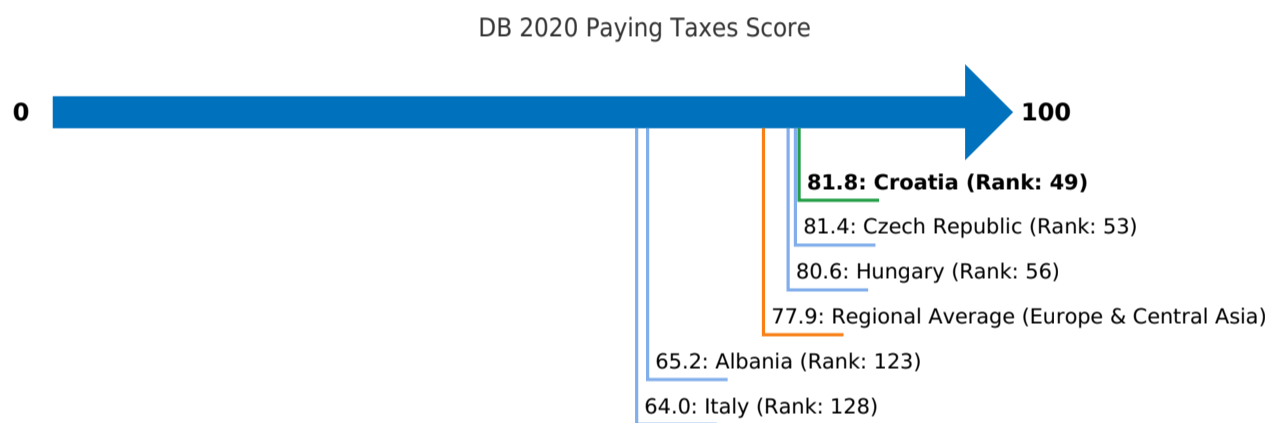
Paying Taxes - Croatia

Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Payments (number per year)	12	14.4	10.3	3 (2 Economies)
Time (hours per year)	206	213.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	20.5	31.7	39.9	26.1 (33 Economies)
Postfiling index (0-100)	66.7	68.2	86.7	None in 2018/19

Figure - Paying Taxes in Croatia - Score

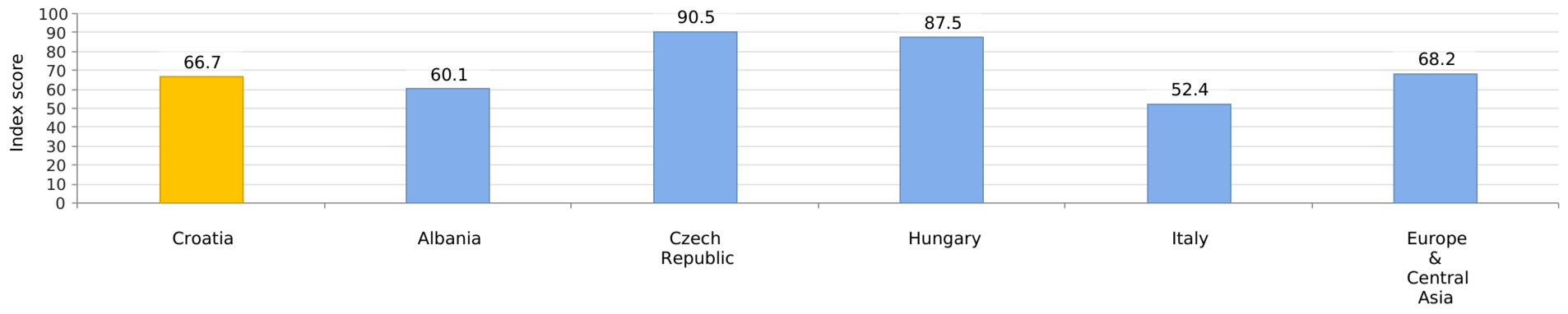


Figure - Paying Taxes in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Croatia and comparator economies - Measure of Quality



## Details - Paying Taxes in Croatia

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Social security contributions	1.0	online	96.0	17.2%	gross salaries	19.40	
Forest contribution	5.0			0.0265%	total income	0.47	
Tourist fee	1.0	online		0.01938%	total turnover	0.34	
Chamber of Economy fee	1.0	online		HRK 1,083 per month	fixed fee	0.29	
Radio and Television fee	1.0	online		HRK 80 per month	Every TV and radio receiver	0.02	
Corporate income tax	1.0	online	58.0	18%	taxable profit	0.00	
Employee paid - Social security contributions	0.0	online and jointly		20%	gross salaries	0.00	withheld
Fuel tax	1.0				included into fuel price	0.00	small amount
Value added tax (VAT)	1.0	online	52.0	25%	value added	0.00	not included
Totals	12		206			20.5	

## Details - Paying Taxes in Croatia - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	0.0
Labor tax and contributions (% of profit)	19.4
Other taxes (% of profit)	1.1

## Details - Paying Taxes in Croatia - Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>66.7</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	none	
Percentage of cases exposed to a VAT audit (%)	25% - 49%	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	0.0	100
Time to obtain VAT refund (weeks)	6.0	94.3
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	25% - 49%	
Time to comply with a corporate income tax correction (hours)	36.5	35.8
Time to complete a corporate income tax correction (weeks)	20.3	36.6

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.



## Trading across Borders

*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

#### Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as  $22 \times 24 = 528$  hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

#### Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.

- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.

- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.

- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.

- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.

- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Croatia

Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	0	16.1	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	0	150.0	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	1	25.1	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	0	87.6	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	0	20.4	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	0	158.8	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	1	23.4	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	0	85.9	23.5	0 (30 Economies)

Figure - Trading across Borders in Croatia - Score

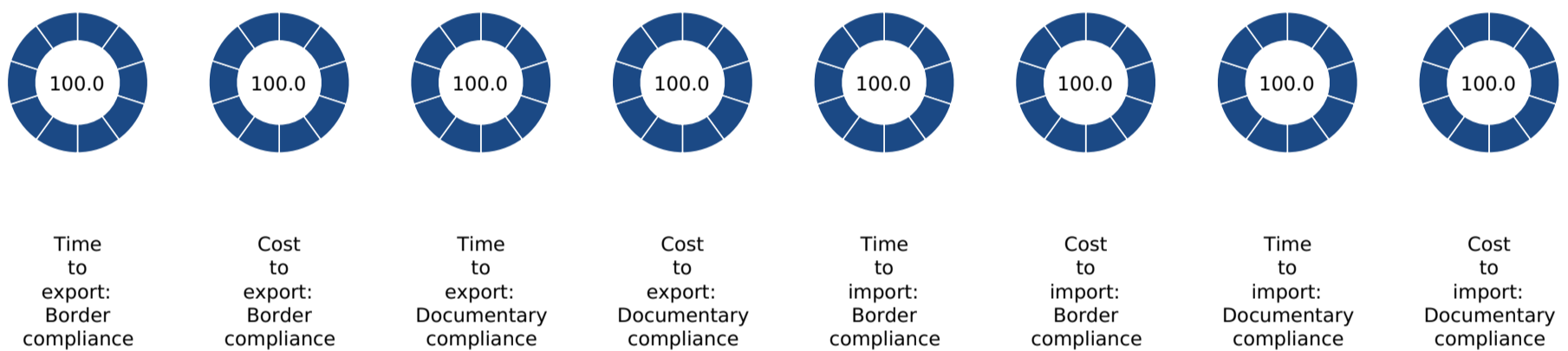
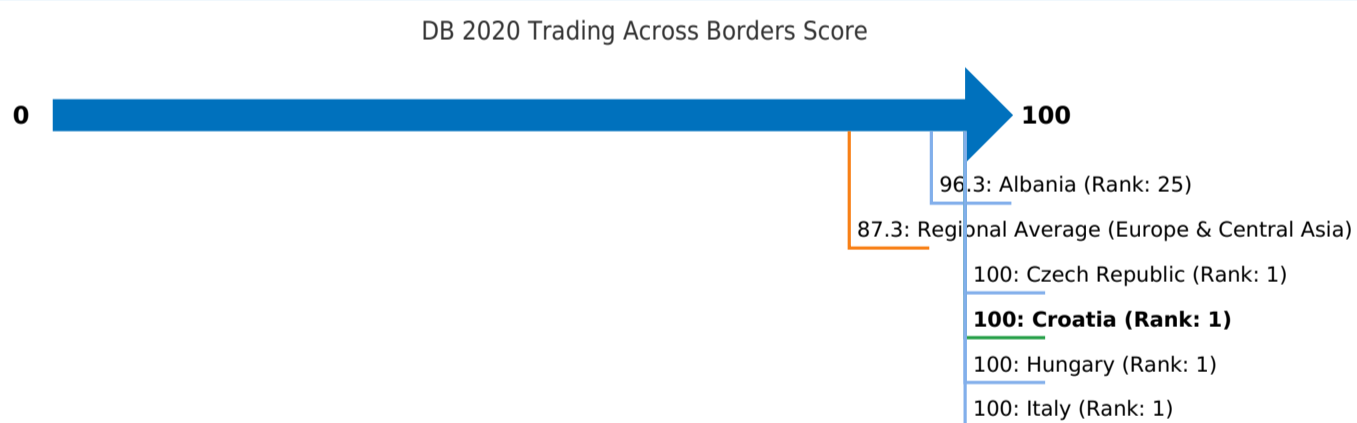
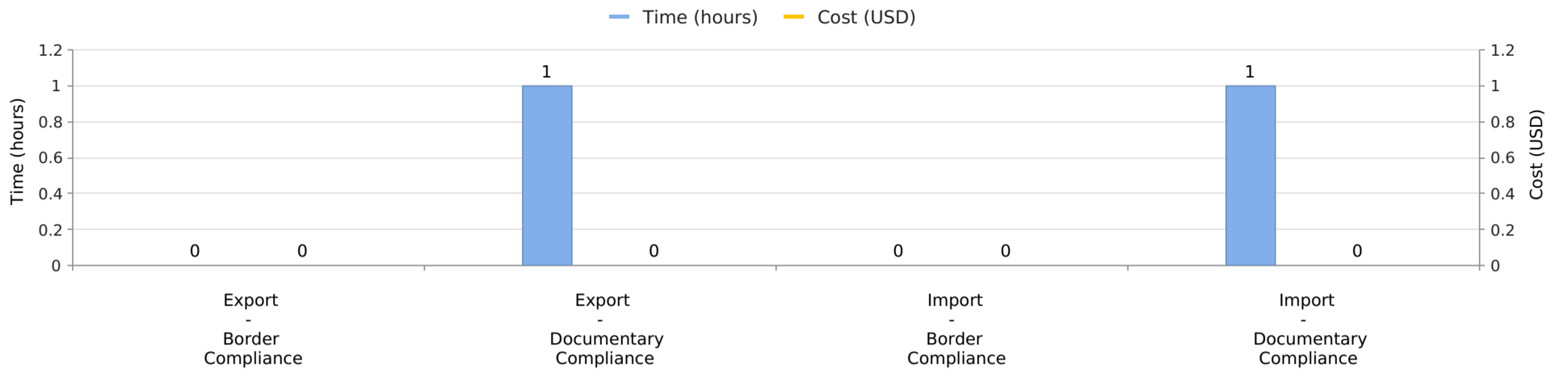


Figure - Trading across Borders in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Croatia - Time and Cost



## Details - Trading across Borders in Croatia

Characteristics	Export	Import
Product	HS 85 : Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708: Parts and accessories of motor vehicles
Trade partner	Austria	Germany
Border	Croatia- Slovenia border crossing	Croatia-Slovenia border crossing
Distance (km)	76	76
Domestic transport time (hours)	2	2
Domestic transport cost (USD)	135	135

## Details - Trading across Borders in Croatia - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	0.0	0.0
Export: Clearance and inspections required by agencies other than customs	0.1	0.0
Export: Port or border handling	0.1	0.0
Import: Clearance and inspections required by customs authorities	0.0	0.0
Import: Clearance and inspections required by agencies other than customs	0.1	0.0
Import: Port or border handling	0.1	0.0

## Details - Trading across Borders in Croatia - Trade Documents

**Export****Import**

CMR waybill

CMR waybill

Commercial invoice

Commercial invoice

Packing list

Packing list

Intrastat

Intrastat

## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

#### Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

#### Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

### Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

Enforcing Contracts - Croatia

Standardized Case

Claim value	HRK 172,195
Court name	Zagreb Commercial Court
City Covered	Zagreb

Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Time (days)	650	496.4	589.6	120 (Singapore)
Cost (% of claim value)	15.2	26.6	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	13.0	10.3	11.7	None in 2018/19

Figure - Enforcing Contracts in Croatia - Score

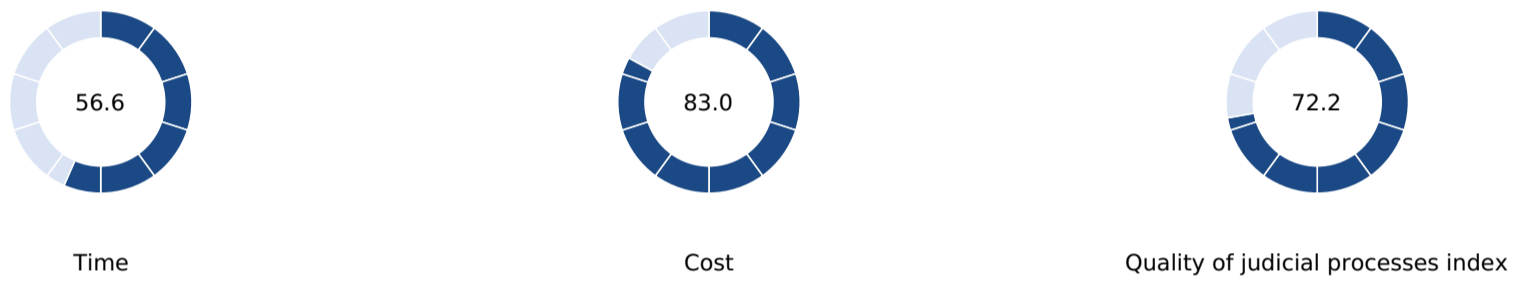
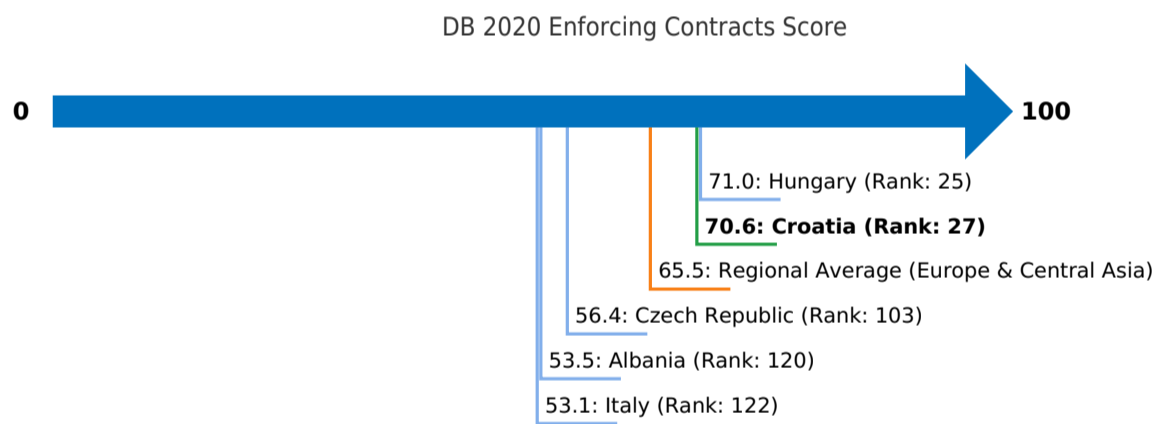


Figure - Enforcing Contracts in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Croatia - Time and Cost

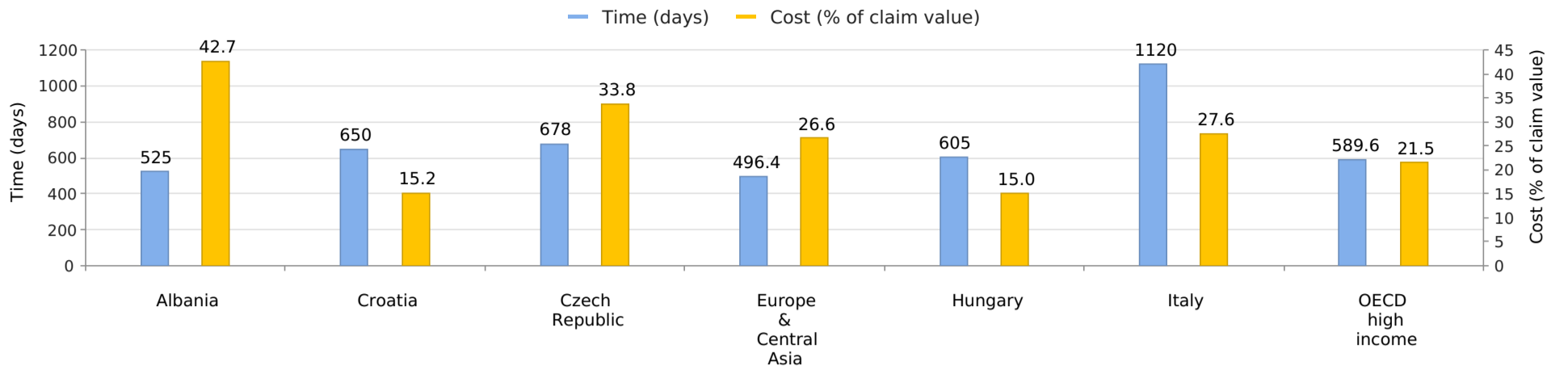
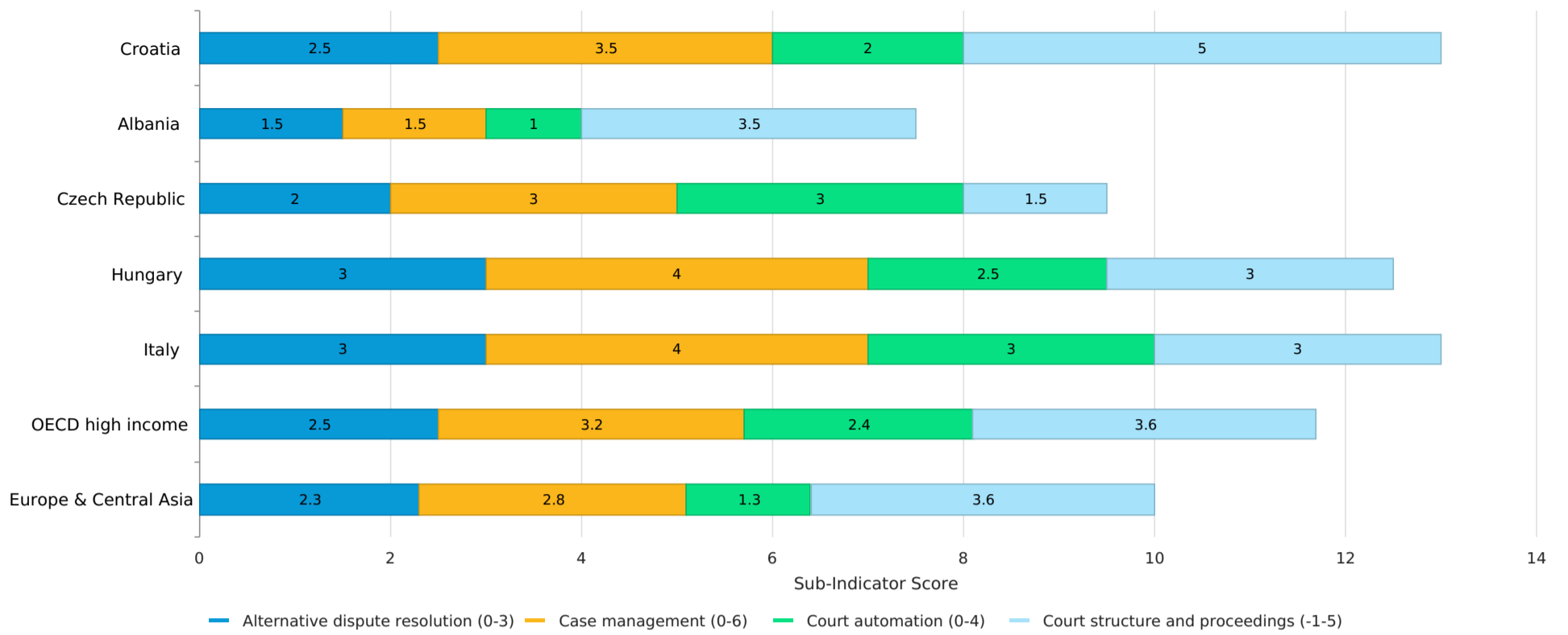




Figure - Enforcing Contracts in Croatia and comparator economies - Measure of Quality



Details - Enforcing Contracts in Croatia

	Indicator
<b>Time (days)</b>	<b>650</b>
Filing and service	50
Trial and judgment	365
Enforcement of judgment	235
<b>Cost (% of claim value)</b>	<b>15.2</b>
Attorney fees	8.6
Court fees	4
Enforcement fees	2.6
<b>Quality of judicial processes index (0-18)</b>	<b>13.0</b>
Court structure and proceedings (-1-5)	5.0
Case management (0-6)	3.5
Court automation (0-4)	2.0
Alternative dispute resolution (0-3)	2.5

## Details - Enforcing Contracts in Croatia - Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>13.0</b>
<b>Court structure and proceedings (-1-5)</b>		<b>5.0</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
<b>Case management (0-6)</b>		<b>3.5</b>
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.5
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	Yes	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	Yes	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	Yes	1.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>2.0</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	Yes	1.0
4. Publication of judgments		1.0
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
<b>Alternative dispute resolution (0-3)</b>		<b>2.5</b>
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	

2. Mediation/Conciliation	1.0
2.a. Is voluntary mediation or conciliation available?	Yes
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, design)	Yes
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No

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## Resolving Insolvency

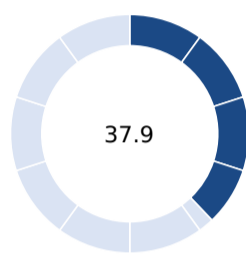
*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Time required to recover debt (years)</b></p> <ul style="list-style-type: none"> <li>• Measured in calendar years</li> <li>• Appeals and requests for extension are included</li> </ul> <p><b>Cost required to recover debt (% of debtor's estate)</b></p> <ul style="list-style-type: none"> <li>• Measured as percentage of estate value</li> <li>• Court fees</li> <li>• Fees of insolvency administrators</li> <li>• Lawyers' fees</li> <li>• Assessors' and auctioneers' fees</li> <li>• Other related fees</li> </ul> <p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>• Whether business continues operating as a going concern or business assets are sold piecemeal</li> </ul> <p><b>Recovery rate for creditors</b></p> <ul style="list-style-type: none"> <li>• Measures the cents on the dollar recovered by secured creditors</li> <li>• Outcome for the business (survival or not) determines the maximum value that can be recovered</li> <li>• Official costs of the insolvency proceedings are deducted</li> <li>• Depreciation of furniture is taken into account</li> <li>• Present value of debt recovered</li> </ul> <p><b>Strength of insolvency framework index (0- 16)</b></p> <ul style="list-style-type: none"> <li>• Sum of the scores of four component indices:</li> <li>• Commencement of proceedings index (0-3)</li> <li>• Management of debtor's assets index (0-6)</li> <li>• Reorganization proceedings index (0-3)</li> <li>• Creditor participation index (0-4)</li> </ul>	<p>To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:</p> <ul style="list-style-type: none"> <li>- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.</li> <li>- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.</li> <li>- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.</li> </ul> <p>In addition, <i>Doing Business</i> evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.</p>

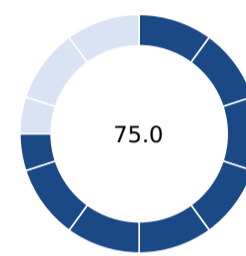
Resolving Insolvency - Croatia

Indicator	Croatia	Europe & Central Asia	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	35.2	38.5	70.2	92.9 (Norway)
Time (years)	3.1	2.3	1.7	0.4 (Ireland)
Cost (% of estate)	14.5	13.3	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	12.0	11.2	11.9	None in 2018/19

Figure - Resolving Insolvency in Croatia - Score

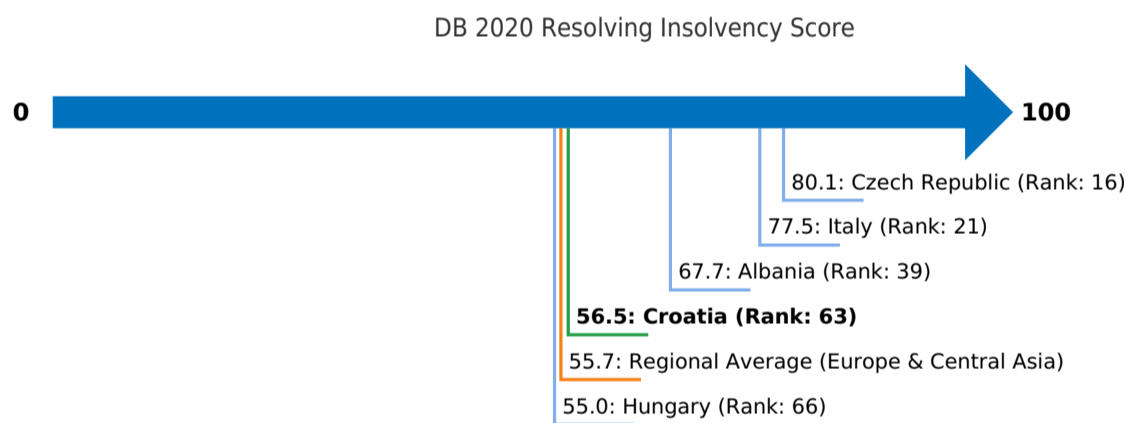


Recovery rate



Strength of insolvency framework index

Figure - Resolving Insolvency in Croatia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Croatia - Time and Cost

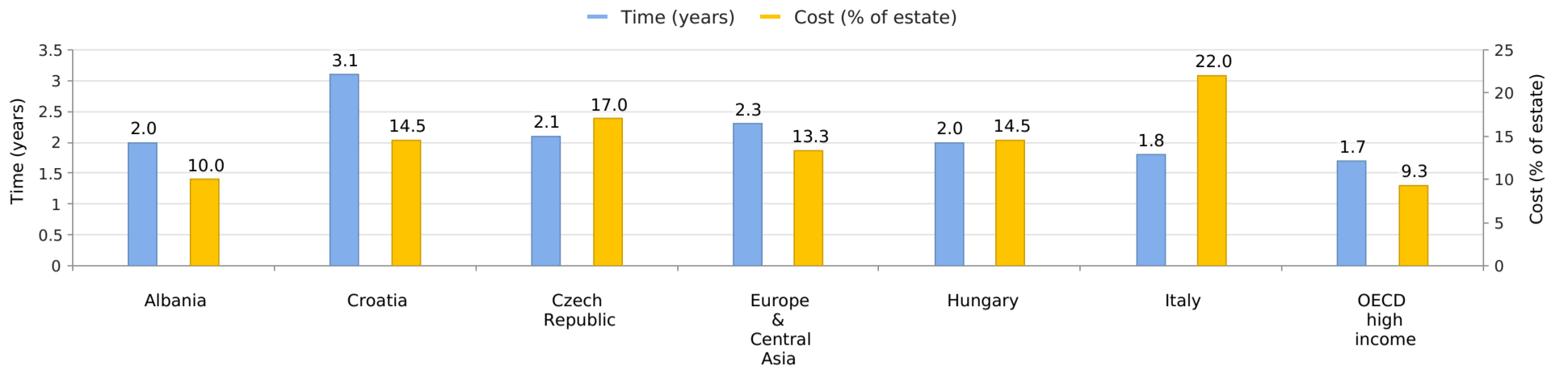
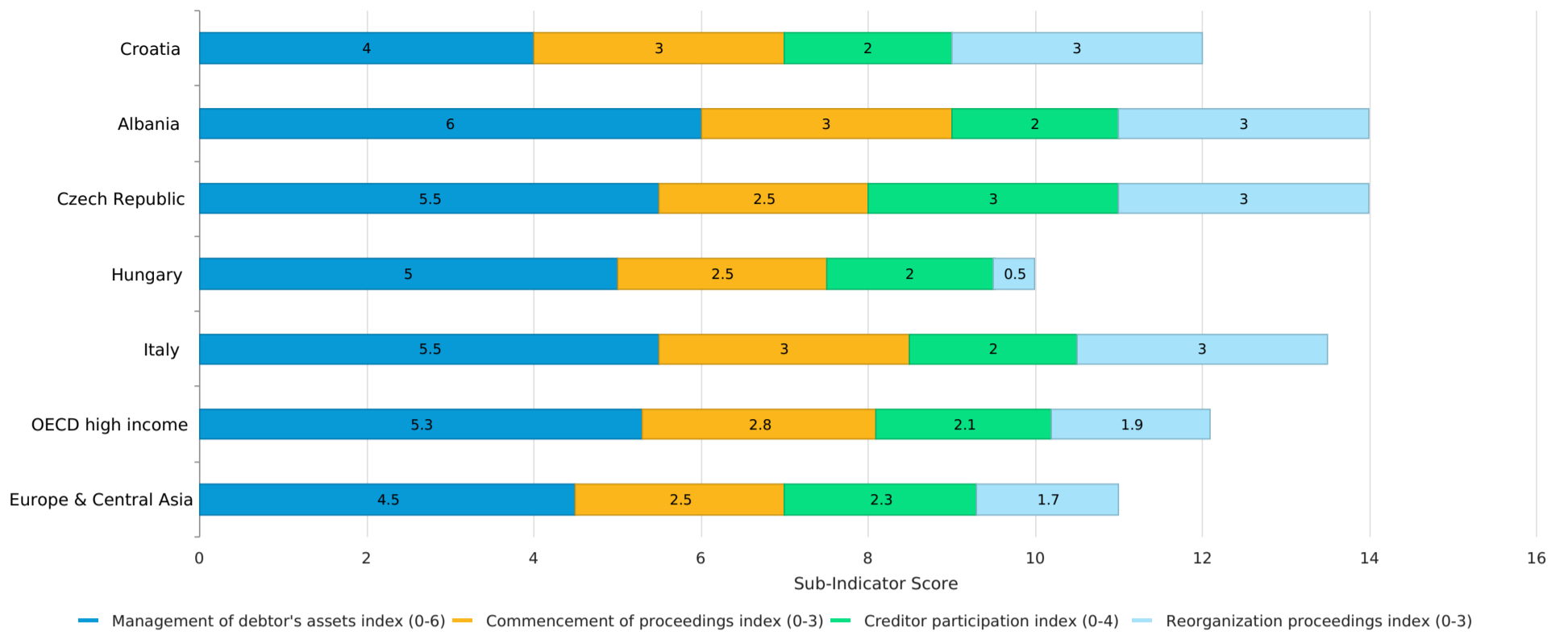
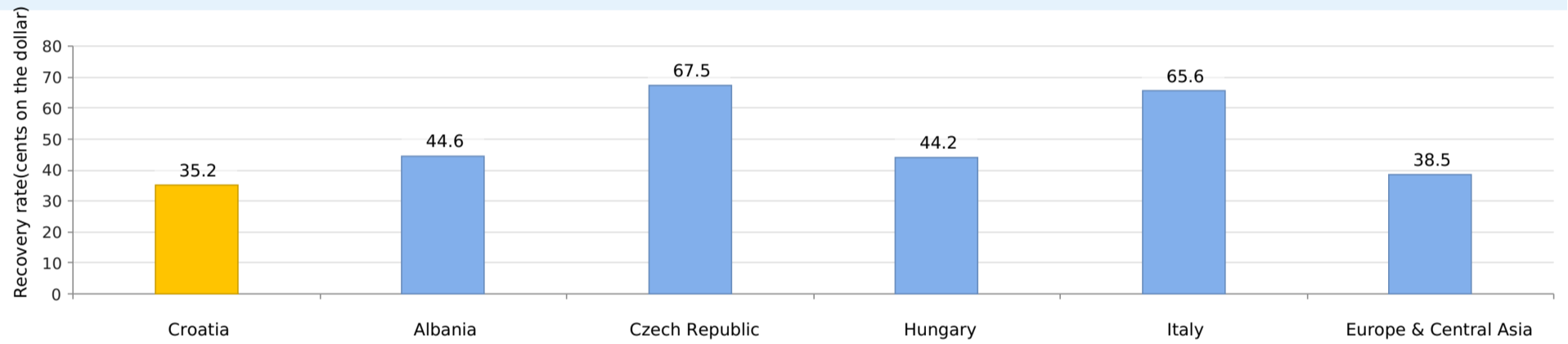


Figure - Resolving Insolvency in Croatia and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Croatia and comparator economies - Recovery Rate



## Details - Resolving Insolvency in Croatia

Indicator	Answer	Score
Proceeding	foreclosure	Mirage will apply for the pre-bankruptcy settlement procedure under the Bankruptcy Act. But, it is likely that BizBank would not be interested to reach a settlement on restructuring in that procedure, because, if agreement is settled, Bizbank would not get the payment for, at least, few years. As Bizbank owns 74% of Mirage's debt, the agreement on restructuring plan depends only on the BizBank decision. Instead of agreeing with the Mirage's plan of reorganization in pre-bankruptcy procedure, it is likely that BizBank will initiate foreclosure proceedings requiring sale of the hotel property. As a creditor with a registered pledge, BizBank could enforce its interest in separated foreclosure process, even if Insolvency proceedings is opened.
Outcome	piecemeal sale	Even if Mirage management initiates pre-insolvency or insolvency proceedings, the hotel will not be able to operate if its acts would be done at the expense of the bankruptcy estate. It will have to reduce its working power and cut expenses. And after the bank enforces its security interest, and it can do that outside the insolvency proceedings framework, the hotel will stop operating and its assets will be sold piecemeal.
Time (in years)	3.1	It will take 37 months to complete an unsuccessful pre-bankruptcy settlement procedure, which is followed by foreclosure, when BizBank enforces its security interest in Mirage's assets.
Cost (% of estate)	14.5	Major expenses in foreclosure include attorneys' fees (8%) and fees of accountants and other professionals involved in the proceedings, especially the insolvency representative (5-6%), the rest will cover court fees and sale of the assets.
Recovery rate (cents on the dollar)		35.2



## Details - Resolving Insolvency in Croatia - Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>12.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>3.0</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(a) Yes, a creditor may file for both liquidation and reorganization	1.0
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(c) Both (a) and (b) options are available, but only one of them needs to be complied with	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>4.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>3.0</b>
Which creditors vote on the proposed reorganization plan?	(b) Only creditors whose rights are affected by the proposed plan	1.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	Yes	1.0
<b>Creditor participation index (0-4)</b>		<b>2.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

## Employing Workers

*Doing Business* presents detailed data for the employing workers indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage; (v) ratio of minimum wage to the average value added per worker.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## Employing Workers - Croatia

## Details - Employing Workers in Croatia

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	569.3
Ratio of minimum wage to value added per worker	0.3
Maximum length of probationary period (months)	6.0
<b>Working hours</b>	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	0.0
Premium for overtime work (% of hourly pay)	0.0
Restrictions on night work?	Yes
Restrictions on weekly holiday?	Yes
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	20.0
Paid annual leave for a worker with 5 years of tenure (working days)	20.0
Paid annual leave for a worker with 10 years of tenure (working days)	20.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	20.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	Yes
Priority rules for reemployment?	Yes
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	8.7
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	10.7
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	7.9
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	0.0
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	7.2

Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	14.4
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	7.2
Unemployment protection after one year of employment?	Yes

## Business Reforms in Croatia

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

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DB2020

✓ **Starting a Business:** Croatia made starting a business easier by abolishing the requirements to reserve the company name and obtain director signatures for company registration, and by reducing the paid-in minimum capital requirement.

✓ **Dealing with Construction Permits:** Croatia made dealing with construction permits less costly by reducing the water contribution for building a warehouse.

✓ **Registering Property:** Croatia made it easier to transfer property by decreasing the real estate transfer tax and by reducing the time to register property title transfers.

✗ **Getting Credit:** Croatia made accessing credit information more difficult by ending the distribution of individual credit data.

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DB2019

✓ **Registering Property:** Croatia made transferring property more efficient by digitizing its land registry.

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DB2018

✗ **Dealing with Construction Permits:** Croatia made dealing with construction permits more costly by increasing the administrative fees for building and occupancy permits.

✓ **Getting Electricity:** Croatia improved the reliability of power supply by introducing financial deterrence mechanisms aimed at limiting power outages.

✓ **Registering Property:** Croatia made it less costly to transfer property by lowering the real estate transfer tax.

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DB2017

✗ **Starting a Business:** Croatia made starting a business more difficult by increasing notary fees.

✓ **Protecting Minority Investors:** Croatia strengthened minority investor protections by requiring detailed internal disclosure of conflicts of interest by directors.

✗ **Paying Taxes:** Croatia made paying taxes more complicated by introducing a radio and television fee, and eliminating the reduction of the Chamber of Economy fee for new companies.

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DB2016

✓ **Enforcing Contracts:** Croatia made enforcing contracts easier by introducing an electronic system to handle public sales of movable assets and by streamlining the enforcement process as a whole.

**Employing Workers:** 1) Croatia eliminated the requirement to retrain or reassign employees before they can be made redundant. 2) In accordance with the Minimal Wage Act, Art. 1, published in Official Gazette No.151/2014, the minimum wage has been increased from 3.017,61 Kuna/month to 3.029,55 Croatian Kuna/month gross salary, in force for the period of January 1, 2015 to December 31, 2015.

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DB2015

✓ **Starting a Business:** Croatia made starting a business easier by reducing notary fees.

✓ **Dealing with Construction Permits:** Croatia made dealing with construction permits easier by reducing the requirements and fees for building permits and carrying out the final building inspection more promptly.

✗ **Paying Taxes:** Croatia made paying taxes more complicated for companies by raising the health insurance contribution rate, increasing the Croatian Chamber of Commerce fees and introducing more detailed filing requirements for VAT. On the other hand, it abolished the contribution to the Croatian Chamber of Commerce.

✓ **Trading across Borders:** Croatia made trading across borders easier by implementing a new electronic customs system.

**Employing Workers:** Croatia lifted the 3-year limit on the duration of first-time fixed-term contracts.

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DB2014

✓ **Paying Taxes:** Croatia made paying taxes easier for companies by introducing an electronic system for social security contributions and promoting e-banking for the chamber of commerce fee and the radio and television fee. Croatia also made paying taxes less costly by reducing the rates for the forest and Chamber of Commerce contributions.

✓ **Trading across Borders:** Croatia made trading across borders easier by improving the physical and information system infrastructure at the port of Rijeka and by streamlining export customs procedures in preparation for accession to the Common Transit Convention of the European Union.

✓ **Enforcing Contracts:** Croatia made enforcing contracts easier by streamlining litigation proceedings and transferring certain enforcement procedures from the courts to state agencies.

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DB2013

✓ **Paying Taxes:** Croatia made paying taxes less costly for companies by reducing the health insurance contribution rate.

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DB2012

✓ **Getting Credit:** In Croatia the private credit bureau started to collect and distribute information on firms, improving the credit information system.

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DB2011

✓ **Starting a Business:** Croatia eased business start-up by allowing limited liability companies to file their registration application with the court registries electronically through the notary public.

✓ **Dealing with Construction Permits:** Croatia replaced the location permit and project design confirmation with a single certificate, simplifying and speeding up the construction permitting process.

✗ **Paying Taxes:** Croatia made paying taxes more difficult and costly for companies by introducing a tourist fee.

**Employing Workers:** Croatia increased the mandatory paid annual leave.

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DB2010

✓ **Dealing with Construction Permits:** Croatia improved its construction permitting process through the operation of a one-stop shop and enforcement of the building code.

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DB2009

✓ **Dealing with Construction Permits:** Croatia made dealing with construction permits easier through a new building code that eliminated several procedures for obtaining a building permit—though other changes caused an administrative backlog for building and occupancy permits that increased the overall time required.

✓ **Paying Taxes:** Croatia made paying taxes easier for companies by encouraging online filing.

✓ **Trading across Borders:** Croatia reduced the time for exporting and importing through ongoing improvements in port infrastructure.

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DB2008

✓ **Starting a Business:** Croatia made starting a business easier by enhancing the services of the one-stop shop.

✓ **Registering Property:** Croatia reduced the time required to register property through ongoing improvements at the land registry.

✓ **Getting Credit:** Croatia strengthened its secured transactions system by launching a unified and geographically centralized collateral registry and improved access to credit information by setting up a new private credit bureau, HROK.

✓ **Resolving Insolvency:** Croatia made resolving insolvency easier through amendments to its insolvency act regulating the profession of bankruptcy administrators.

*Doing Business 2020* is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

[www.doingbusiness.org](http://www.doingbusiness.org)



ISBN 978-1-4648-1440-2



SKU 211440