

# **PROPOSAL OF THE LAW ON FISCALIZATION**

## **I. CONSTITUTIONAL BASIS FOR THE ENACTMENT OF THE LAW**

The constitutional basis for the adoption of the Law on Fiscalization is contained in the provision of Article 2, paragraph 4, subparagraph 1 of the Act. of the Constitution of the Republic of Croatia (Official Gazette, No. 85/10 - consolidated text and 5/14 - Decision of the Constitutional Court of the Republic of Croatia).

## **II. ASSESSMENT OF THE SITUATION AND BASIC ISSUES TO BE REGULATED BY LAW AND CONSEQUENCES THAT WILL RESULT FROM THE ADOPTION OF THE LAW**

### **a) Assessment of the situation**

The Act on Fiscalization in Cash Transactions (hereinafter: the Act) was published in the Official Gazette, No. 133/12 and for the most part began to be applied on 1 January 2013. According to the aforementioned Act, fiscalization presupposes a set of measures that control cash transactions. The provisions of the Act introduced the obligation of fiscalization in the territory of the Republic of Croatia, prescribed the persons obliged to apply, additional content of invoices and other important provisions for the implementation of the Act. Since its inception, the law has been amended several times.

Amendments to the Act on Fiscalization in Cash Transactions (Official Gazette, No. 155/16), which entered into force on 1 January 2017 and 1 July 2017, introduced the obligation of fiscalization for small taxpayers who paid income in a lump sum, specified the exemption from the obligation of fiscalization for transactions in the activity of selling tickets or tokens in passenger transport, introduced provisions on liability for the software solution used in the fiscalization procedure and harmonized certain misdemeanor provisions.

Amendments to the Act on Fiscalization in Cash Transactions (Official Gazette No. 106/18), which entered into force on 1 January 2019 and 1 January 2021, introduced the obligation to fiscalize sales data through self-service devices that generally do not issue invoices, and the obligation to clearly display the notice "This is not a fiscalized invoice" on documents issued before the invoice in order to make it easier to distinguish the invoice from other documents.

Amendments to the Act on Fiscalization in Cash Transactions (Official Gazette, No. 121/19), which entered into force on 1 April 2020 and 1 January 2021, respectively, prescribed a new mandatory invoice content - QR code in order to facilitate the process of verification of invoices by citizens and introduced mandatory fiscalization of accompanying documents (offers and similar documents).

Amendments to the Act on Fiscalization in Cash Transactions (Official Gazette, No. 138/20), which entered into force on 1 January 2021, change the method of determining the amount of the cash maximum and prescribe the authority of the Minister of Finance to prescribe the amount of the cash maximum in the Ordinance on Fiscalization in Cash Transactions.

Amendments to the Act on Fiscalization in Cash Transactions (Official Gazette, No. 114/23), which entered into force on 1 January 2024, regulated the status of a reward for a well-rendered service (tips) that is often received with an invoice, abolished the possibility of checking an invoice by sending an SMS message, and harmonized with the provisions of the regulations on the introduction of the euro.

According to the above, fiscalization has been applied in Croatia for a full 12 years. Over the years of its application, the Act has been upgraded and today represents an important component of the control of cash transactions. The fiscalization procedure, i.e. the delivery of the fiscalization message to the Tax Administration, takes place immediately before the issuance of the invoice, and is based on the built-in software solutions in the invoicing devices. From the very beginning, it has been shown that such a reporting system, the submission of data from the invoice to the Tax Administration when issuing an invoice, is possible and that it does not interfere with or prolong the invoicing process in any way. Furthermore, over the years of application, it has been evident that fiscalization data have become a source of data on macroeconomic developments. Due to the importance of these data for the public, a special part of the portal with fiscalization data has been formed in the part of the Tax Competitiveness Portal, which is maintained by the Ministry of Finance, Tax Administration. In addition to the professional public, fiscalization is also recognized by citizens who are aware of the importance of certification of invoices before issuance and who have been informing the Tax Administration for years about all the observed shortcomings regarding the issuance of fiscalized invoices.

However, fiscalization includes only a part of the data on realized turnover, namely data that are usually realized in business to customers (B2C) by card and cash payments. Other turnovers generated by issuing invoices, such as turnover in final consumption charged to the transaction account, turnover realized between taxpayers and between taxpayers and public authorities, do not enter the reporting system, i.e. are not available through fiscalization messages to the Tax Administration at the time of issuing the invoice.

However, in public procurement procedures (business to government, B2G), the issuance and sending of invoices in electronic form is applied, which is mandatory from 1 July 2019, by applying the Act on Electronic Invoicing in Public Procurement (Official Gazette, No.

94/18), which is harmonized with Directive 2014/55/EU on electronic invoicing in public procurement.

The issuance and exchange of invoices in electronic form (hereinafter referred to as eInvoice) in Croatia are regulated by the following EU and national laws and regulations - the Value Added Tax Act, the Value Added Tax Ordinance, the already mentioned Electronic Invoicing in Public Procurement Act, the General Tax Act, the Ordinance on the Implementation of the General Tax Act, the Accounting Act, Ordinance on the conversion of accounting documents kept in original written form into an electronic record, EU Regulation No. Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC – eIDAS Regulation, by the Act implementing Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC – eIDAS Regulation, by the Act implementing Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC – eIDAS Regulation, by the Act implementing Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC, the Ordinance on the provision and use of trust services, the Electronic Commerce Act. In addition to public procurement, eInvoices are now also used in the business of a certain number of taxpayers, especially large ones. Given that the issuance of eInvoices in public procurement has been successfully applied for six years and that there is a practice of issuing eInvoices, it is evident that the exchange of eInvoices is not a novelty in Croatia.

Invoicing is a basic prerequisite for establishing financial discipline on the market and the basis for determining tax liabilities, in particular value added tax (hereinafter: VAT). VAT calculation in Croatia is based on the provisions of the VAT Act (Official Gazette No. 73/13, 148/13, 143/14, 115/16, 106/18, 121/19, 138/20, 39/22, 113/22, 33/23, 114/23, 35/24 and 152/24; Decision USRH 99/13, 153/13), which is fully harmonized with EU legislation. The importance of timely availability of account data has also been recognized in the actions of the European Commission. The European Commission has proposed measures to modernise the EU's VAT system, to make it better for taxpayers and more fraud-proof, and to address the VAT challenges posed by the development of the platform economy. According to the 2023 VAT Gap Report, EU countries lost €99 billion in VAT revenues in 2020. According to the European Commission, "conservative estimates suggest that one quarter of the revenue shortfall is directly attributable to intra-EU trade VAT fraud." Therefore, the European Commission has proposed a proposal for a Council Directive amending Directive 2006/112/EC as regards VAT rules for the digital age. The aim of the changes is to create a new reporting system in the field of VAT. The new reporting system introduces real-time digital reporting for cross-border trade with the possibility of national application based on e-invoicing or the issuance of eInvoices in such a way that the issuer and recipient of the eInvoice send a fiscalization message to the Tax Administration in order to enable cross-verification of data. The European Commission estimates that committing taxpayers to issuing eInvoices will provide Member States with the valuable information they need to strengthen the fight against VAT fraud. Aware of the current situation, certain Member States

have already initiated procedures for the transition to mandatory e-invoicing before the entry into force of the Directive (Italy, Romania, Poland, Greece, France and Germany).

The legal and tax system in Croatia already has the basic prerequisites necessary for the transition to a new reporting system in the digital age based on the issuance of eInvoices. Namely, the implementation of fiscalization in most of the B2C segment and the already well-known business with eInvoices in the B2G segment provides the prerequisites for a new digital reporting system in Croatia. Therefore, the National Recovery and Resilience Plan of the Government of the Republic of Croatia 2021 to 2026 adopted measure NPOO C2.3. R3-I14 Implementation of a system for fiscalization of eInvoices between taxpayers (business to business, B2B). Based on this measure, the Ministry of Finance, the Tax Administration launched the Fiscalization 2.0 Project financed from the grants of the National Recovery and Resilience Plan for the period 2021 to 2026.

In the implementation of the Fiscalization 2.0 Project, several goals have been set:

- Establishment of a system for reporting non-cash invoices to the Tax Administration, namely invoices that are issued today to state administration bodies – fiscalization of invoices issued in the B2G segment,
- implementation of a cashless payment system via eInvoice in the B2B segment, and
- establishment of a free application for eInvoices that will be provided to small taxpayers in terms of VAT regulations where the costs of introducing a business based on eInvoices would be disproportionate to the benefits they would receive from such a way of doing business.

In addition to achieving the above goals, the Fiscalization 2.0 Project has also created preconditions to ensure a number of benefits for all involved, especially taxpayers:

- reduction of the number of tax forms and before the completion of mandatory declarations with data from the e-Invoice platform,
- creation of application solutions that will facilitate tax bookkeeping for taxpayers based on data from eInvoices,
- Contribution to environmental protection by using digital instead of "paper" invoice archive
- Implementation of green policies and business in accordance with environmental goals, social goals and effective corporate governance (Corporate Governance). Environmental, Social and Governance – hereinafter referred to as ESG goals),
- Reduction of costs for taxpayers by switching to digital business based on eInvoices – lower material costs (lower costs of printing, postage, handling, archiving, etc.), saving human resources and speeding up business operations (easier exchange of invoices, faster data reconciliation, shortening of payment deadlines, unhindered flow of information),

- a number of opportunities for digitalization of private and public sector operations,
- better fiscal policy planning and a more accurate assessment of macroeconomic indicators, and
- More efficient operation of the Tax Administration and reduction of the need for communication between the Tax Administration and taxpayers for verification and harmonization of data while enabling targeted tax inspections.

The Fiscalization 2.0 project ended at the end of 2024. In order to achieve all the stated goals of the Fiscalization 2.0 Project, it is necessary to create a unified legal framework for the exchange of eInvoices in all business segments. Accordingly, for the purpose of comprehensive monitoring of taxpayers, it is proposed to adopt a uniform regulation of the Fiscalization Act in all business segments, which will replace the existing Act on Fiscalization in Cash Transactions and prescribe a unified tax and legal framework for the fiscalization of all invoices in the final consumption or B2C segment, the issuance and fiscalization of eInvoices between taxpayers in the B2B segment and the fiscalization of invoices issued in business between taxpayers and public authorities in the B2G segment.

## **b) Issues to be regulated by this Act**

In relation to the previous provisions of the Act, where the basic provision essentially regulates the procedure of fiscalization in cash transactions, this Bill on Fiscalization (hereinafter: the Bill) regulates the fiscalization of all invoices in final consumption in the B2C segment, the issuance and fiscalization of eInvoices between taxpayers in the B2B segment and the fiscalization of invoices issued in business between taxpayers and public authorities in the B2G segment. The draft law is divided into several parts in such a way that the first part lists general provisions and a glossary, the second part prescribes fiscalization in the B2C segment, the third part prescribes the issuance and fiscalization of eInvoices in the B2B segment and the B2G segment, the fourth part prescribes common provisions and the fifth part prescribes transitional and final provisions.

In the first part, the glossary comprehensively proposes definitions of terms used in this Draft Law. In essence, changes in terms related to fiscalization in cash transactions are distinguished, and now the term is proposed as *fiscalization of accounts in final consumption* as a set of measures implemented by taxpayers of fiscalization in final consumption. The previous concept of cash transactions prescribed payment for delivered goods or services rendered in banknotes, coins considered as a means of payment, cards, cheques or other similar means of payment, except for payments to a transaction account with banks. In order to ensure the monitoring of the entire segment of B2C business, a new term *of turnover in final consumption is proposed*, which is prescribed as the issuance of invoices by fiscalization payers to citizens, regardless of the method of payment. In this way, it is clearly determined that all forms of payment that appear when issuing invoices by taxpayers to citizens, and for which it is necessary to carry out the procedure of fiscalization of invoices, are considered to be the mentioned turnover. Other existing terms have not changed in

essence, while new terms have been added related to the issuance and fiscalization of eInvoices in the business of taxpayers.

The second part of the Bill prescribes provisions relating to the fiscalization of invoices in final consumption, which were covered by the Act, but as stated above, covering the entire segment of B2C business, i.e. regardless of the method of payment. In accordance with the above, the scope of fiscalization prescribed in such a way that the proposed provisions change all taxpayers of fiscalization of accounts (taxpayer of income tax on the basis of self-employment under the regulation governing income tax and taxpayer of profit tax according to the regulation governing corporate income tax) in final consumption are obliged to carry out all fiscalization procedures prescribed by this part of the Act. Therefore, all persons subject to fiscalization of invoices in final consumption are obliged to implement measures in addition to fiscalization (adopt an internal act prescribing all business premises in which they perform activities and the method of marking individual business premises, adjust the content of invoices, place warning labels on the obligation to issue and take invoices) and carry out the fiscalization procedure of invoices (submit data on business premises in which the activity is performed and submit each invoice for verification regardless of the manner in which the payment is made).

In addition to the extension of the obligation of fiscalization in final consumption to the entire B2C segment of business, regardless of the method of payment, two other changes stand out. For the purpose of comprehensive control and insight into the operations of taxpayers, the obligation of fiscalization is introduced for turnover related to the retail sale of daily newspapers, tobacco and tobacco products, stamps and other postal securities, at the same time as prescribing the obligation to issue invoices by the provisions of a special regulation. In the current Act, a cheque is specified as a payment method that can be indicated on the invoice. As the cheque is no longer in circulation in the Republic of Croatia, it was necessary to abolish the possibility of providing information on the cheque as a means of payment.

In the provisions of the Act relating to the submission of data on business premises, fiscalization taxpayers were enabled to submit data on business premises electronically using the electronic service of the Tax Administration ePorezna (hereinafter: ePorezna). Fiscalization taxpayers who were not obliged to use the ePorezna system under a special regulation submitted data on business premises via the Reporting Data to the Fiscalization System form directly to the competent branch office of the Tax Administration according to their registered office or place of residence. Since the General Tax Act (Official Gazette No. 115/16, 106/18, 121/19, 32/20, 42/20, 114/22, 152/24 ) for prescribed taxpayers now stipulates the mandatory submission of tax returns or other data necessary for taxation to the Tax Administration electronically, so in this Bill it is proposed that taxpayers submit data on business premises only electronically using ePorezna. Other provisions of the previous Act have not changed in substance.

In the third part of the Bill, in order to create a tax and legal framework for the exchange of eInvoices, provisions on the issuance and fiscalization of eInvoices in the B2B and B2G segment are prescribed. Prescribing provisions for the mandatory issuance and exchange of eInvoices is necessary for the systematic and uniform regulation of the rules on the issuance and receipt of eInvoices and the use of fiscalized data to monitor the correct calculation of tax liabilities.

The tax system has been created in such a way that it is simple for taxpayers and that administrative burdens are not disproportionate. For this reason, the Bill prescribes the procedure of the Tax Administration and its information and communication systems in order to cope with the increasing number of taxpayers, data important for their taxation and with the increase in the amount of information necessary for the management of information and communication systems. It also prescribes the rules and obligations for issuing and receiving eInvoices between taxpayers, fiscalization of data from eInvoices, the eReporting system, the obligations of issuers and recipients of eInvoices, rules for access points in the process of fiscalizing eInvoices, the manner of using information collected through eInvoices, the establishment and use of a free application for eInvoices for small taxpayers, the conditions for performing the activities of an information intermediary and the procedure for conducting the compliance test for the exchange of data.

The draft law obliges taxpayers to exchange eInvoices and implement fiscalization of data from eInvoices, without changing the existing obligation to issue invoices or exemption from the obligation to issue invoices under special regulations. According to the proposed provisions, the eInvoice must be issued in accordance with the EU standard, while regarding the exchange of eInvoices and the implementation of fiscalization of data from eInvoices, taxpayers are allowed to apply any technology that will be optimal for them, provided that they ensure the credibility of the origin, integrity of the content and legibility of the data during the life cycle of the eInvoice.

When exchanging eInvoices, recipients and issuers of eInvoices are obliged to carry out the fiscalization procedure of eInvoices, which implies the extraction of exhaustively specified data from eInvoices necessary for tax purposes and their submission to the Fiscalization System of the Tax Administration. The fiscalization of eInvoices will be based on software solutions, which will simultaneously implement the reporting system in the process that must be carried out (issuing and receiving invoices). Cross-checking the data submitted by the issuer and recipient of the eInvoice will monitor the correctness of the data stated on the eInvoice. The fiscalization procedure of eInvoices will be carried out as follows:

- the issuer and the recipient exchange the eInvoice between the access points. The Access Point can be an invoicer acting on its own or an Information Intermediary providing a service on the market
- the issuer's access point takes a set of data from the issued eInvoice and delivers the fiscalization message to the Tax Administration. The IRS acknowledges receipt of the message.
- the recipient's access point takes a set of data from the received eInvoice and delivers the fiscalization message to the Tax Administration. The IRS acknowledges receipt of the message.
- The Tax Administration has data from each issued and received eInvoice at the time of issuance or receipt of the eInvoice.

In order to create the basis for the new reporting system, issuers and recipients of eInvoices also undertake to submit certain data through eReporting. Thus, eInvoice issuers will submit data on the collection of eInvoices and possibly on deliveries for which it was not possible to issue an eInvoice, while the recipient of the eInvoice will report on the possible rejection of

the received eInvoice. Again, in order to make it as easy as possible to adapt to the new reporting system, the eReporting procedure can be carried out in several ways, i.e. by choosing the procedure that is optimal for taxpayers.

It is important to point out that the provisions of the Bill clearly show that eInvoice issuers are not responsible for the inability to issue eInvoices if there is no availability of address data for receiving eInvoices. The recipient of the eInvoice is obliged to submit to the Tax Administration information on the identifier that can be used to reach the final address to which the eInvoice can be received from any taxpayer. The delivery of information on the identifier is carried out by the metadata service (hereinafter: MPS) used by the recipient of the eInvoice. The draft law clearly prescribes the obligation of eInvoice recipients to submit information on the address for receiving eInvoices. Any issuer of eInvoices, if they do not know the address of the recipient of the eInvoice, can retrieve the address by querying the address book of metadata services (hereinafter: AMS) of the Tax Administration. AMS is a system that contains information about the identifier and the corresponding MPS of the taxpayer managed by the Ministry of Finance, Tax Administration with the aim of enabling each issuer of eInvoices to find the address of the recipient of the eInvoice.

For small taxpayers, the Bill envisages the use of the free MIKROeRAČUN application. Through the MIKROeRAČUN application, issuers and recipients of eInvoices who are not in the VAT system are enabled to use the free application, depending on their own choice. For the use of the free application, taxpayers will accept the general terms and conditions of use of the application issued by the Tax Administration. In order to completely reduce the costs that exist today, this application enables small taxpayers to archive invoices free of charge within the deadlines in which there is an obligation to keep invoices.

Taxpayers, as taxpayers obliged to issue and receive eInvoices according to the Draft Act, must make certain adjustments:

- in the case of the supply of goods and services, the obligation to apply the classification of products by activity – CPA (CPA) is prescribed,
- the obligation to notify the Tax Administration of the address for receiving eInvoices and of the authorization to fiscalize data from eInvoices,
- the obligation to issue eInvoices and the obligation to fiscalize data from eInvoices, and
- implementation of the eReporting procedure with the aim of submitting data on rejection (recipient) or collection (issuer) of eInvoices.

The practice of using eInvoices so far has shown that the largest number of taxpayers use the services of information intermediaries as access points for the exchange of eInvoices. It is to be expected that such a practice will continue, and the provisions of the Bill prescribe conditions for information intermediaries in order to ensure full protection of the data exchanged. In this way, information intermediaries will be an important stakeholder in the process of invoice exchange and fiscalization, on which the exchange of eInvoices depends, as well as the flow of information (fiscalization of data) from eInvoices to the Tax Administration. Due to their importance throughout the process, the provisions of the Bill prescribe the conditions that they must meet, which relate to the submission of certain documentation, the implementation of the compliance test and the implementation of



cybersecurity measures. The documentation includes a statement on the implementation of personal data protection measures, ISO/IEC 27001 certificate, and statements on the management of systems from the EU and the scope of services provided. Having a valid ISO/IEC 27001 certificate guarantees proper data management and protection against unauthorized handling and use of data.

In accordance with the Cybersecurity Act (hereinafter: the Cyber Security Act), key entities will be required to implement specific policies such as those related to supply chain security and procurement security. Bearing in mind that the items of each eInvoice show the business of taxpayers, it is of utmost importance to set and monitor requirements for the protection of information systems at the national level, in order to ensure data security. Given that the CCC envisages the establishment of a regulated approach to cyber security, legal regulation, standardization, accreditation and certification, as well as the control of obliged entities and the software and hardware products used, information intermediaries are included in this framework. In addition, the CCC prescribes the obligations to conduct supervision and audits, as well as the obligation to report on significant cyber incidents. The independent audit that will be subject to the ZKS is similar to the audit for ISO 27001. All entities covered by the CCA will have one year from receiving the notification of the categorization from the competent authority (initial categorization by the end of the first quarter of 2025, periodically every two years, or as needed), to implement binding cybersecurity measures and an additional two years to implement local cyber risk management and conduct an independent audit. Professional supervision will be carried out in accordance with the risk assessment of the competent authority in the period of three to five years after the expiry of the first year for the implementation of binding cybersecurity measures. The Tax Administration will publish on the Public Portal the List of Information Intermediaries who have met the conditions required by the Draft Law.

The draft law also prescribes provisions on security, use of data and access to data by the Tax Administration. The provision of the Bill envisages a general standard on data protection and security, which determines how the Tax Administration will continuously improve, standardize and certify systems and system management in accordance with the highest standards in the field of data protection. From the above, it follows that three aspects have been considered in terms of data use: the security of the information system, the manner of acting of officials in the Tax Administration and the use of data. Regarding these aspects, reference is made to the Tax Administration Act (Official Gazette No. 115/16, 98/19, 155/23 and - 152/24) as the umbrella law that prescribes the scope of the Tax Administration and as such applies to all actions within the competence of the Tax Administration. In accordance with the above, the Tax Administration Act prescribes that the Tax Administration must apply an information security management system, a quality management system, a business continuity management system and a service management system. Also, the Tax Administration must implement data security measures by controlling access to the system by authorized persons, protecting data during transmission by encryption, and recording actions on the system for the purpose of monitoring access and changes to data in the system. Also, the Tax Administration must implement measures for infrastructure security by protecting the network, tools for managing privileged access, tools for monitoring databases, computer security, for vulnerability management; monitoring all security-relevant events and managing cybersecurity incidents; data protection in the system and security tests of the system by specialized companies before putting the system into production. Furthermore, with regard to the use of data, the Tax Administration Act prescribes that the use of data by the Ministry of Finance within its own competences is not considered a violation of business and tax secrets

or a violation of personal data. The data may be provided at the request of the competent authorities in tax, misdemeanour, criminal, judicial or other proceedings only if there is a legal basis for the submission of the data. With regard to access to the data of Tax Administration officials, the Tax Administration Act prescribes the obligation of Tax Administration officials who have access to the collected data to be obliged to handle the data responsibly, respect the confidentiality and secrecy of all data, and must not use them for private purposes or in a manner that is not in accordance with the regulations on tax and business secrets. Tax Administration officials access data in accordance with business requirements, i.e. job requirements. Data is further secured through the application of security solutions at the application and operating system level.

The creation of a new reporting system based on the issuance of eInvoices will partly change the roles in the fulfillment of tax obligations. Based on the data collected through the fiscalization of eInvoices, the Tax Administration will provide a series of processed data to taxpayers through the FiskApplication. The data available in this way will facilitate the implementation of tax accounting, harmonization of data among market participants, and thus directly affect the faster flow of information and the acceleration of business as a whole. The solutions that have been developed through the Fiscalization 2.0 Project will bring other opportunities for further improvement of business in the digital world.

The introduction of a general obligation to issue and receive eInvoices will bring additional benefits in the fight against VAT fraud and evasion and the reduction of unfair competition. The obligation to issue eInvoices with the transfer of data from eInvoices to the Tax Administration in real time will enable consistent verification of declared and collected VAT. This will also increase knowledge of business activities, which will enable economic policy measures to be determined as much as possible in accordance with real economic indicators. Furthermore, the introduction of eInvoices and the new reporting system will enable numerous savings in taxpayers' business, simplified fulfillment of tax obligations, but also a number of advantages for the development of digital business. It is precisely the savings and benefits that will be achieved in the taxpayers' business that will compensate for the costs of adapting to the new reporting system in the short term.

For the purpose of the aforementioned changes, especially in the part of reducing the number of tax returns, it is necessary to amend other regulations, such as the General Tax Act and the VAT Act. These regulations will be harmonized before the obligation to issue and receive eInvoices begins.

## **(c) The consequences that will arise from the enactment of the Act**

Starting from the Draft Law, the fiscalization system would be upgraded as follows:

1. in the part of fiscalization of invoices in final consumption:

- From 1 September 2025, the submission of data on jobs to premises via the Data Registration in the Fiscalization System form will be abolished, and
- From 1 September 2025, the possibility of submitting information about a cheque as a method of payment will be abolished

- from 1 January 2026, the fiscalization procedure applies to all taxpayers subject to fiscalization in final consumption, regardless of the method of payment,

- From 1 January 2026, the obligation of fiscalization will begin in the sales activity, in which the majority of the value of turnover refers to the retail sale of daily newspapers, tobacco and tobacco products, stamps and other postal securities.

2. in the part of issuing and fiscalization of eInvoices in the business of taxpayers:

- From 1 September 2025, all eInvoice payers and information intermediaries will have the opportunity to test the ability of their own systems for the exchange of eInvoices, fiscalization of eInvoices and eReporting in order to be ready for the application of this Act from 1 January 2026,

- from 1 January 2026 introduces the obligation to issue and receive eInvoices for taxpayers in the VAT system, with the obligation to receive eInvoices for companies, craftsmen, liberal professions, the state budget, local and regional self-government units, as well as budgetary and extra-budgetary users of the state budget and local and regional self-government units who are registered in the Register of Budgetary and Extra-budgetary Users who are not in the VAT system

- From 1 January 2027, the obligation to issue eInvoices for companies, craftsmen, liberal professions, the state budget and local and regional self-government units, as well as budgetary and extra-budgetary users of the state budget and local and regional self-government units who are registered in the Register of Budgetary and Extra-budgetary Users who are not in the VAT system, will be introduced.

Thus, from January 1, 2026, the paper invoice will be gradually replaced by an eInvoice, until the full application of the eInvoice from January 1, 2027.

The introduction of eInvoices brings a number of advantages related to time savings because eInvoices enable faster processing and sending of invoices, which reduces the time needed for administrative tasks. The use of eInvoices eliminates the costs associated with printing, postage as well as archiving paper invoices. At the same time, accuracy is increased because automatic data entry reduces the possibility of human error, which increases the correctness and reliability of financial information, and potentially enables faster collection because financial data is automatically transmitted and processed, which improves liquidity. Given that the use of eInvoices implies digital business without "printing" documents, paper consumption is also reduced while contributing to the preservation of the environment. Also, security has been increased because eInvoices are stored in secure digital archives, which reduces the risk of loss or damage to documents.

Taking into account the above-mentioned advantages, it is evident that replacing paper invoices with eInvoices enables the business sector to save costs and bring increased efficiency. It also simplifies the entire process of issuing eInvoices, saves time and ensures a smooth flow of information, while ensuring the achievement of "green" policies and ESG goals. On the other hand, eInvoice enables the state to better plan fiscal policy, monitor macroeconomic indicators, and increase financial transparency and sustainable development.

The introduction of the obligation to issue eInvoices with the fiscalization of eInvoices and the introduction of the eReporting system will lead to significant administrative relief and enable the abolition of a number of tax returns. Thus, the harmonization of special regulations will abolish or change the following tax returns:

1. abolition of the Report on Food Donations (DON-H),
2. abolition of the Book of Outgoing Invoices (I-RA),
3. abolition of the Special Records of Goods Sold to Buyers in Passenger Traffic (VAT-F),
4. Abolition of the Notification of Domestic Supplies with Reverse Charge (PPO),
5. Abolition of the Special Record of Received Invoices (U-RA)
6. replacement of the OPZ-STAT form with a reporting system,
7. Simplification of the form of reports on business events with related parties (PD IPO),
8. abolition of the statistical form (RAD 1G) for small and medium-sized enterprises,
9. abolition of the Summary Return (ZP) and Declaration for the Acquisition of Goods and Services Received from Other Member States of the European Union (VAT-S) forms at the time of full harmonization of VAT regulations with the provision of the Council Directive amending Directive 2006/112/EC as regards VAT rules for the digital age, and
10. Simplification of other tax procedures such as the Specification of Unrelated Payments.

In accordance with the administrative relief plan, the savings that will occur by replacing paper invoices with eInvoices have been calculated. The calculation of savings on only certain components is shown below.

<b>ESTIMATION OF SAVINGS (ADMINISTRATIVE RELIEF) FOR ENTREPRENEURS</b>		
1.	Abolition of the Report on Food Donations (DON-H)	15.083,70
2.	Abolition of the Book of Outgoing Invoices (I-RA)	8.250.119,79
3.	Abolition of the Special Records of Goods Sold to Customers in Passenger Traffic (VAT-F)	75.576,46
4.	Abolition of the Notification of Domestic Supplies with Reverse Charge (PPO)	3.541.353,32
5.	Abolition of the Special Record of Received Invoices (U-RA)	60.757.944,50
6.	Automation of the process of sending invoices to the accounting service	14.466.177,26
7.	Replacement of paper invoice archive - earchive	3.242.149,97
8.	Changes in the process of sending and issuing invoices	29.900.000,00

<b>Total (EUR)</b>	<b>120.248.405,00</b>
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In order to achieve further administrative relief and facilitate the fulfillment of tax obligations, the Fiscalization 2.0 Project established the FiskApplication for taxpayers. In FiskApplication, taxpayers will be able to:

- overview of fiscalized data from the system of fiscalization of invoices in final consumption and fiscalization of eInvoices,
- insight into the informative VAT return for a specific tax period, and
- insight into account statuses (received/charged/rejected).

Also, the introduction of the obligation to issue eInvoices and submit data on completed transactions will enable the deadline for submitting the VAT return (VAT Form) to be equalized with the deadline for payment by harmonizing the VAT regulations with this Draft Law.

In the implementation of the Fiscalization 2.0 Project, the preconditions for further improvement and acceleration of taxpayers' business in the market have been created:

- By establishing and maintaining the Directory of Metadata Services, the Tax Administration enables taxpayers to exchange other documents digitally, and not only eInvoices,
- by maintaining the List of Taxpayer Identifiers, the Tax Administration enables the availability of data on taxpayers' business units, which enables further rationalization of operations,
- the creation of preconditions for the digital completion of the VAT Refund Application (PDV-P Form) in passenger transport will enable easier recording and verification of data for exercising the right to VAT refund in passenger transport, and
- the maintenance of the Public Portal enables the constant availability of data, as well as the statistical level of data for the purposes of monitoring economic policies.

### **III. ASSESSMENT AND SOURCES OF FUNDS NECESSARY FOR THE IMPLEMENTATION OF THE LAW**

For the implementation of this Act, in the part of adapting the Tax Administration system, creating a platform for the exchange of eInvoices and for the establishment of the MIKROeRAČUN and FiskApplication applications, funds are provided by the National

Recovery and Resilience Plan of the Government of the Republic of Croatia 2021-2026, i.e. measure C2.3. R3-I14 Implementation of the non-cash payment system in the economy through eInvoices with integrated e-archive and active tax accounting.

# PROPOSAL OF THE LAW ON FISCALIZATION

## PART ONE

### BASIC PROVISIONS

#### General Provision - Article 1

This Act regulates the fiscalization of invoices in final consumption and the issuance and fiscalization of electronic invoices (hereinafter referred to as eInvoices) in the operations of taxpayers .

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#### Terms - Article 2

(1) Certain terms within the meaning of this Act shall have the following meanings:

1. *The Metadata Services Directory* (hereinafter referred to as "AMS") is an address book managed by the Ministry of Finance, Tax Administration (hereinafter referred to as the "Tax

Administration") containing identifiers and associated metadata services of taxpayers, which enables the availability of information on the address of the recipient of the eInvoice.

2. **The Fiscalization and eReporting Application** (hereinafter: "FiskApplication") is an application of the Tax Administration that enables taxpayers to apply this Act to view fiscalized data, manage authorizations for the exchange of eInvoices and fiscalization, inspect invoice statuses, inspect the informatively completed value added tax return (hereinafter: "VAT") for a certain period and enter data for the purposes of fiscalization and eReporting. Access to this application and the management of Authorizations is enabled through the National Identification and Authentication System and the eAuthorization System.

3. **A digital certificate** is a certificate used for signing fiscalization messages and when exchanging eInvoices.

4. **Free application** for issuing, receiving and fiscalizing eInvoices (hereinafter referred to as "MICROeINVOICE") is an application of the Tax Administration that is intended for a certain group of eInvoice recipients for the exchange of eInvoices and fiscalization of them under the conditions prescribed by this Act. Access to this application and the management of Authorizations is enabled through the National Identification and Authentication System and the eAuthorization System.

5. **The Central System of the Tax Administration for Fiscalization and eReporting** (hereinafter referred to as the "Fiscalization System") is the system of the Tax Administration that receives, controls and processes data from the fiscalization of invoices in final consumption, fiscalization of eInvoices and eReporting.

6. **eReporting** is a procedure by which data on certain deliveries are submitted to the Fiscalization System in accordance with the provisions of this Act, as well as data on the rejection and collection of eInvoices.

7. **The elements of the invoice in final consumption** (hereinafter referred to as "invoice elements") are: personal identification number (hereinafter referred to as "OIB") of the taxpayer of the fiscalization of the invoice in final consumption, date and time, invoice number, indication of whether the invoice is subject to fiscalization in the VAT system, the amount of the invoice classified according to the tax rate (the sum of the fee and tax, the amount of exemption), the method of payment, the OIB of the operator and the Issuer's Security Code.

8. **eInvoice** is an invoice that has been issued, sent and received in a structured electronic form, which enables its automatic and electronic processing.

9. **The EU standard** is the EU standard 16931-1:2017 as well as the Technical Specification of the basic use of eInvoices with extensions issued by the Croatian Standards Institute, which describes the manner of application and extension of the EU standard 16931-1:2017 and its corrections, amendments and additions (hereinafter referred to as the "EU standard").

10. **fiscalization of eInvoices** is a procedure by which the prescribed data from eInvoices are submitted to the Fiscalization System, which includes the fiscalization of issuing and receiving eInvoices.

11. ***Fiscalization of sales through self-service devices*** is a procedure by which data on the sale of goods or services that are realized as turnover in final consumption through self-service devices are submitted to the Fiscalization System, regardless of whether there is an obligation to issue an invoice according to a special regulation.

12. ***Fiscalization of invoices in final consumption*** (hereinafter referred to as "fiscalization of invoices") is a procedure by which data from invoices are submitted to the Fiscalization System and the implementation of other measures implemented by taxpayers of fiscalization of invoices, in order to enable effective monitoring of realized turnover in final consumption.

13. ***the identifier of the taxpayer*** in the exchange of eInvoices is OIB or any identifier in accordance with the EU standard.

14. ***Information intermediary*** is a legal or natural person to whom an OIB has been assigned and who provides services of receiving and sending eInvoices and accompanying documents, and may provide services of fiscalization of eInvoices and/or eReporting and/or metadata services.

15. ***The issuer of the eInvoice is***

a) a taxpayer with a registered office, domicile or habitual residence in the country registered in the register of VAT payers

b) a taxpayer of income tax from self-employment on the basis of self-employment in accordance with the regulation governing income tax and a corporate income tax payer in accordance with the regulation governing corporate income tax, who is not registered in the register of VAT payers,

c) the state budget and units of local and regional self-government, as well as budgetary and extra-budgetary users of the state budget and units of local and regional self-government who are registered in the Register of Budgetary and Extra-budgetary Users;

which has the obligation to issue eInvoices and the implementation of fiscalization of eInvoices.

16. ***The Public Portal of the Tax Administration*** (hereinafter referred to as the "Public Portal") is a portal on which the Tax Administration provides public availability of data for the purposes of the implementation of this Act, namely: List of Taxpayer Identifiers, List of Information Intermediaries and Statistical Reports on Fiscalization Data.

17. ***A unique account identifier*** is an alphanumeric record generated by the Tax Administration, from a certain set of data submitted to the invoice element, for which the abbreviation - JIR is used.

18. ***The list of taxpayer identifiers*** is a list that can be accessed via a link on the Public Portal of the Tax Administration, and contains data on the recipients of eInvoices submitted by the web service through the metadata service so that taxpayers can exchange eInvoices.

19. ***Metadata service*** (hereinafter referred to as "MPS") is a network component of an information intermediary that enables the publication of taxpayer identifiers of eInvoice



recipients in AMS, provides information on the final address of eInvoice recipients and taxpayer information according to the List of Taxpayer Identifiers.

20. **The reward for a well-rendered service** (hereinafter referred to as the "tip") is the realized receipt received by third parties, in accordance with the provisions of the regulations on income tax.

21. **The fiscalization of the invoice** is

a) an income tax payer on the basis of self-employment in accordance with the regulation governing income tax, and

b) a corporate income tax payer in accordance with the regulation governing corporate income tax.

22. **The list of information intermediaries** is a list of information intermediaries that have been issued a certificate of conformity, which the Tax Administration publishes on the Public Portal.

23. **The Compliance Testing Portal for eInvoice Exchange and Fiscalization Solutions** (hereinafter referred to as the "Compliance Testing Portal") is a portal through which the compliance of access points is tested, and which can be accessed through the ePorezna system or by direct access to the portal through the National Identification and Authentication System and the eAuthorization system.

24. the **recipient of the e-Invoice** is a taxpayer with a registered office, permanent residence or habitual residence in the country, and

a) is registered in the register of VAT payers, and/or

b) a taxpayer of income tax from self-employment pursuant to the regulation governing income tax and a taxpayer of profit tax pursuant to the regulation governing corporate income tax, who is not registered in the register of VAT payers

c) the state budget and units of local and regional self-government, as well as budgetary and extra-budgetary users of the state budget and units of local and regional self-government who are registered in the Register of Budgetary and Extra-budgetary Users;

which has the obligation to receive eInvoices and the implementation of fiscalization of eInvoices.

25. **Access point** is a taxpayer or information intermediary who meets all technical conditions for the exchange of eInvoices and/or fiscalization of eInvoices and/or eReporting and/or the service of metadata services.

26. **Turnover in final consumption** is the issuance of invoices by the taxpayer of fiscalization of invoices to citizens or consumers collected in cash, cards, transaction accounts and in other ways, unless otherwise regulated by this Act.

27. **business premises** are any closed or open space, any self-service device and any mobile place such as vans and delivery vehicles used to perform the activity of delivering goods and providing services. For the purposes of fiscalization of final consumption invoices, a separate business premises may be considered a part or more parts of one business premises in which different activities are performed. Business premises are also considered to be premises that the fiscalization taxpayer uses only occasionally or temporarily for the purpose of holding fairs, seminars or the implementation of similar activities for the purpose of performing activities. For activities performed in the field, the fiscalization taxpayer independently determines the need for separate management of movable business premises depending on the nature of the business.

28. **QR code** is a two-dimensional code that contains a record of a certain set of data prescribed by the provisions of this Act.

29. **An invoice** is considered to be an invoice issued in final consumption.

30. **Exchange of eInvoices** includes the issuance of eInvoices and the receipt of eInvoices.

31. **A statistical classification** is an organized set of specific, exhaustive and mutually exclusive categories that are associated with a specific variable recorded in a statistical survey or administrative database. Categories are described by names and codes, have a certain stability and normative status, and are considered valid for a certain period. It is used to collect, process and disseminate statistical data. In the eInvoice and fiscalization data set, and for the purposes of this Act, the Classification of Products by Activity - KPD is used.

32. **eInvoice status** is information that will enable the eInvoice issuer to see whether the invoice has been received and/or rejected by the eInvoice recipient and the eInvoice recipient to see whether the eInvoice issuer has provided billing information.

33. **Compliance testing** is the verification of consistency, integrity and correctness of the system in relation to the exchange of eInvoices, the implementation of fiscalization of eInvoices and the publication of identifiers in AMS for the purposes of applying this Act.

34. **domestic transaction** is a supply made by the eInvoice issuer to the eInvoice recipient and subject to Croatian VAT, regardless of whether it is exempt or taxable, and any advance payment received from the eInvoice recipient prior to the delivery, provided that the issuer and recipient of the eInvoice are taxpayers with their registered office or residence in the Republic of Croatia.

35. The **security code of the fiscalization issuer** is an alphanumeric record that confirms the connection between the fiscalization taxpayer and the issued invoice for which the abbreviation ZKI is used.

(2) Terms and expressions used in this Law, which have a gender meaning, refer equally to the male and female gender.

## **PART TWO - FISCALIZATION OF INVOICES**

### **CHAPTER I - OBLIGATION TO FISCALIZE INVOICES**

#### **General Provision on the Obligation to Fiscalize Invoices - Article 3**

The person liable for the fiscalization of invoices referred to in Article 2, paragraph 1, item 21 of this Act shall carry out the fiscalization of invoices in accordance with the provisions of this Act.

#### **Exemption from the obligation to fiscalize invoices - Article 4**

(1) Notwithstanding Article 3 of this Act, the person liable to fiscalize invoices shall not be obliged to fiscalize invoices for realized turnover in the following activities:

1. organizing lottery games, betting games, games in casinos and slot machines for games of chance and entertainment, and receiving payments for participation in games of chance and amusement games;
2. the sale of own agricultural products produced on one's own family farm directly to the end consumer in the production facilities of peasant or family farms and the sale of own agricultural products at stalls and benches at retail markets, on stalls and benches outside retail markets and open spaces
3. sale of tickets or tokens for the communal transport of passengers in public transport in accordance with the decisions of local self-government units and the sale of tickets or tokens in air, rail and coastal maritime transport

4. Toll collection

5. Filling with petroleum products of aircraft at air service stations

6. Sale of products and/or services in postal traffic

7. Provision of banking and insurance services

8. Keeping the Central Depository of Book-Entry Securities and the Central Register of Financial Instruments

9. realized turnover recorded through measuring instruments for the consumption of electricity, gas, water, public communication services and the like from energy, communal, electronic communications and other legal entities

10. Implementation of health care, which includes participation in the costs of health care up to the full price of the health service, at the selected primary health care doctor and dispensing prescription drugs

11. veterinary activity, implementation of measures to control animal diseases prescribed by the Order on Measures for the Protection of Animals from Infectious and Parasitic Diseases and Their Financing, which is adopted at the end of the year for the following year by the minister in charge of agriculture, and which are carried out outside the veterinary clinic (in the field) and are documented by special records and reports;

12. sale of goods on aircraft on flights, and

13. Collection of enforced collection costs if invoices are issued from automated records, and collection is carried out by forced means through transaction accounts.

(2) Starting from the specifics of performing a certain activity, the Government of the Republic of Croatia may, at the proposal of the Minister of Finance, make a decision on the exemption of a certain activity from the prescribed obligation to fiscalize invoices.

### **Obligation to fiscalize accounts of various activities - Article 5**

If the taxpayer of invoice fiscalization realizes turnover from various activities, it is exempt from the obligation to fiscalize invoices only for the activities exhaustively prescribed by Article 4 of this Act.

### **Scope of implementation of fiscalization of invoices - Article 6**

Persons subject to the fiscalization of invoices are obliged to carry out the fiscalization of invoices prescribed by this part of the Act for all activities, except for the realized turnover in the activities referred to in Article 4 of the Act. of this Law.

## **CHAPTER II - PROVISIONS ON THE ACCOUNT**

### **Content of the invoice - Article 7.**

(1) For the purpose of fiscalization of invoices, in addition to the data prescribed by the regulations governing the obligation to issue invoices, the invoice must contain the following information:

1. Issuing time (hour and minute)
2. Operator's designation

3. the designation of the method of payment of the invoice – banknotes, card, transaction account, other

4. Unique Account Identifier

5. Security code of the issuer of the fiscalization of invoices and

6. QR code.

(2) Persons liable for the fiscalization of invoices shall be obliged to state on the invoice the accurate and complete information prescribed in paragraph 1 of this Article.

### **Operator's designation - Article 8.**

(1) The designation of the operator referred to in Article 7, paragraph 1, item 2 of this Act shall be considered to be the designation of the person who issued the invoice.

(2) The operator's code shall be shown on the invoice, and the taxpayer shall be obliged to link the operator's code to the person's OIB in the internal act presented for the purposes of tax audit.

(3) The OIB of the operator referred to in Paragraph 2 of this Article shall be submitted by the taxpayer to the Fiscalization System as an element of the invoice, when the fiscalization of the invoice is carried out.

(4) Notwithstanding Paragraph 3 of this Article, the OIB of the operator may be submitted as the OIB of the operator in the case of activities of natural persons, the issuance of invoices through self-payment devices and in other cases in which it is not possible to submit the OIB of the operator referred to in Paragraph 2 of this Article.

### **Sequence of invoices - Article 9**

(1) The invoice number, which is an integral part of the invoice according to the provisions of special regulations, shall be stated in the field account number in three parts:

1. Numerical account number

2. designation of the business premises, and

3. Number of the invoicing device.

(2) The numerical number of the invoice referred to in Paragraph 1, Item 1 of this Article shall follow an uninterrupted numerical order, without gaps, per each business premises or per invoicing device in the business premises.

(3) The rules for the sequence of numerical invoice numbers, the list of business premises and assigned business premises designations, as well as the method of determining the number of devices for issuing invoices, shall be determined by the taxpayer of the fiscalization of invoices in an internal act, which shall be presented for the purposes of tax audit.

(4) The uninterrupted numerical order of each calendar year, i.e. in each tax period, shall range from number 1 to number n, per each business premises, i.e. per invoicing device in the business premises.

## **CHAPTER III – RECORDS OF TAXPAYERS FOR FISCALIZATION OF INVOICES**

### **Digital Certificate - Article 10.**

In order to carry out the fiscalization of invoices, the taxpayer is obliged to obtain a digital certificate from the Financial Agency, which is used in the fiscalization process for the electronic signing of invoice elements and for the identification of the fiscalization taxpayer during the electronic exchange of data.

### **Records of Fiscalization Payers - Article 11**

(1) The Financial Agency shall keep the Records of Persons Liable for Fiscalization of Invoices, according to the data on the downloaded digital certificates.

(2) The records referred to in Paragraph 1 of this Article shall contain the OIB, the name and surname/name of the person liable for the fiscalization of the invoice, the number of issued digital certificates and the period of validity of the issued certificates.

## **CHAPTER IV - INVOICE FISCALIZATION PROCEDURE**

### **Unique Account Identifier - Article 12**

For the purpose of implementing invoice fiscalization, when invoices are issued that are generated by the turnover in final consumption, the taxpayer shall be obliged to issue invoices containing the Unique Account Identifier pursuant to Article 15 of this Act.

### **Invoicing by means of electronic invoicing devices - Article 13**

(1) The person liable for the fiscalization of invoices shall be obliged to issue invoices through electronic devices for issuing invoices.

(2) Electronic devices for invoicing referred to in Paragraph 1 of this Article shall enable the use of software for electronic signing of invoice elements and enable a connection (Internet) for electronic data exchange with the Fiscalization System.

### **Software solution for fiscalization of invoices - Article 14.**

(1) For the purpose of carrying out the fiscalization of invoices pursuant to Article 13 of this Act, the taxpayer shall be obliged to use a software solution that enables the procedure in



accordance with the provisions of this Act, i.e. a software solution that will disable procedures that avoid the fiscalization of invoices.

(2) In accordance with Paragraph 1 of this Article, a software solution that enables the avoidance of fiscalization of invoices shall be considered in particular a software solution that has the ability to change items in an already issued invoice.

(3) The payer of invoice fiscalization and the manufacturer and/or maintainer of the software solution shall be responsible for the correctness of the software solution referred to in paragraph 1 of this Article.

(4) The person subject to the fiscalization of invoices may test the fiscalization of invoices in a manner that is allowed by the Tax Administration.

### **Issuance of an invoice containing a Unique Account Identifier - Article 15**

(1) When issuing each invoice for turnover in final consumption, the taxpayer shall electronically sign the invoice elements and submit them to the Fiscalization System via the established electronic connection.

(2) The fiscalization system shall verify that all prescribed invoice elements have been submitted and that they have been signed with the correct digital certificate.

(3) If the conditions referred to in Paragraph 2 of this Article are cumulatively met, the Fiscalization System shall determine the Unique Account Identifier by submitting the invoice elements referred to in Paragraph 1 of this Article and return it to the taxpayer of the invoice fiscalization via the established electronic connection.

(4) If, on the basis of the conditions referred to in Paragraph 3 of this Article, the Fiscalization System is unable to determine the Unique Account Identifier, it shall return a message to the taxpayer of the fiscalization of the invoice on the refusal to determine the Unique Account Identifier through the established electronic connection.

(5) In the cases referred to in Paragraph 1 of this Article, the Unique Invoice Identifier and the Security Code of the Fiscalization Issuer, along with other mandatory information

prescribed by Article 7 of this Act, shall be printed on the invoice for final consumption transactions, when printing the invoice from the electronic invoicing device.

## **Submission of data on business premises - Article 16**

(1) The person liable for the fiscalization of invoices shall submit to the Fiscalization System data on all business premises in which invoices for turnover in final consumption are issued in the manner prescribed in paragraphs 3 to 10 of this Article.

(2) The information on business premises referred to in Paragraph 1 of this Article shall contain:

1. OIB
2. code of the business premises
3. address of the business premises
4. type of business premises
5. type of activity performed in the business premises
6. working hours and working days
7. date of opening of the business premises
8. date of closure of the business premises
9. status of the business premises
10. the designation of the issuance of the document referred to in Article 29 of this Act.

(3) The designation of the business premises referred to in Paragraph 2, Item 2 of this Article shall be marked in the same manner as it shall be stated on the invoice itself in the part of the account number – the designation of the business premises, prescribed in Article 9, Paragraph 1, Item 2 of this Act.

(4) The information on the address of the business premises referred to in Paragraph 2, Item 3 of this Article shall be submitted electronically using the electronic service of the Tax Administration ePorezna (hereinafter: the ePorezna system).

(5) The type of business premises referred to in Paragraph 2, Item 4 of this Article shall be the manner of doing business: online store, mobile store, etc., if the activity is performed in the field or if it is an occasional place of activity.

(6) The information on the type of activity performed in the business premises referred to in Paragraph 2, Item 5 of this Article shall be submitted according to the valid code list containing the national classification of activities.

(7) Information on the date of closure of the business premises referred to in Paragraph 2, Item 8 of this Article shall be submitted if the business premises are temporarily or permanently closed.

(8) An invoice payer who decides or who has a business need to issue the accompanying documents referred to in Article 30 of this Act for the business premises in which he uses such a method of business without the prescribed legal obligation shall fill in the code referred to in paragraph 2, item 10 of this Article.

(9) The data referred to in Paragraph 2 of this Article shall be submitted by the taxpayer per individual business premises in the manner prescribed by Paragraph 4 of this Article, at the beginning of the obligation to fiscalize invoices, and before the commencement of the issuance of invoices.

(10) If the data contained in Paragraph 2 of this Article are changed per individual business premises, and in particular if the activity in a business premises ceases to be performed or the person liable for the fiscalization of the invoice begins to perform the activity in the new business premises, or if he changes the activity he performs in the business premises, the taxpayer of the fiscalization of the invoice shall be obliged to submit the data on the changes in the manner prescribed in Paragraph 4 of this Article before the start of the application of the changed data.

### **Submission of data on the manufacturer and/or maintainer of the software solution - Article 17**

(1) Persons subject to fiscalization of invoices shall be obliged to submit to the Fiscalization System in the manner prescribed by Article 16, paragraph 4 of this Act, information on the manufacturer and/or maintainer of the software solution referred to in Article 14, paragraph 1 of this Act.

(2) The information on the manufacturer and/or maintainer of the software solution referred to in paragraph 1 of this Article must contain the OIB of the manufacturer and/or maintainer of the software solution.

(3) If the fiscalization payer does not have information on the OIB of the manufacturer and/or maintainer of the software solution because it is a foreign natural or legal person without a personal identification number, it shall submit the data of the manufacturer and/or maintainer of the software solution, which must include the name and surname/title, address, country code and identification number of the foreign natural or legal person from the country in which it is established.

## **CHAPTER V - FISCALIZATION OF SALES THROUGH SELF-SERVICE DEVICES**

### **Procedure of fiscalization of sales through self-service devices - Article 18**

(1) For the purpose of implementing the procedure of fiscalization of sales through self-service devices, the person subject to fiscalization of invoices shall be obliged to fiscalize each sale at the time of sale by submitting sales data to the Fiscalization System.

(2) For the purpose of implementing the procedure referred to in Paragraph 1 of this Article, the taxpayer shall submit information on each self-service device in which the turnover in final consumption will be realized.

(3) The provisions on the submission of data on business premises to the Fiscalization System prescribed by Article 16 of this Act shall apply accordingly to the reporting of data on each self-service device.

### **Software solution for fiscalization of sales through self-service devices - Article 19.**

(1) In accordance with Article 18 of this Act, the person liable to fiscalize invoices for the purpose of fiscalization of sales through self-service devices shall enable the use of a software solution for electronic signing of sales messages and provide a connection (Internet) for electronic data exchange with the Fiscalization System.

(2) The provisions of Articles 14 and 15 of this Act shall apply accordingly to the use of the software solution and the exchange of data referred to in Paragraph 1 of this Article.

## **CHAPTER VI - SUBMISSION OF TIP INFORMATION**

### **Procedure for submitting tip data - Article 20**

(1) The fiscalization payer of the invoice with which the tip has been realized shall submit the tip information to the Fiscalization System via the established electronic connection.

(2) The information referred to in Paragraph 1 of this Article shall be submitted in the manner and within the deadlines resulting from Articles 14 and 15 of this Act.

(3) The person liable for the fiscalization of the invoices referred to in Paragraph 1 of this Article shall provide information on tips in the records and accounting documents.

## **CHAPTER VII - SPECIAL PROVISIONS**

### **Inability to issue an invoice containing a Unique Account Identifier - Article 21**

(1) Notwithstanding Article 12, paragraph 1 of this Act, in the event of termination of the established connection referred to in Article 15, paragraph 1 of this Act, the taxpayer shall be obliged to issue invoices with the content prescribed by Article 7 of this Act, without information on the Unique Account Identifier.

(2) Within two working days, counting from the day on which the connection was interrupted, the taxpayer shall establish an electronic connection and submit the elements of all issued invoices referred to in paragraph 1 of this Article.

(3) For invoices issued pursuant to Paragraph 1 of this Article, it shall be considered that the procedure of fiscalization of invoices has been correctly carried out if the procedure is prescribed within the period prescribed in Paragraph 2 of this Article.

(4) In order for the procedure prescribed in paragraphs 1 to 3 of this Article to be an exception, the person liable for the fiscalization of invoices shall be obliged to provide software and hardware support that enables the timely exchange or delivery of data to the Fiscalization System.

(5) The taxpayer shall be responsible for determining the appropriate network bandwidth, which shall be determined independently, based on the number of messages per second at the time of the highest load.

(6) The fiscalization system shall determine the Unique Account Identifier for all submitted invoice elements referred to in Paragraph 2 of this Article and submit it to the invoice

fiscalization payer as a confirmation of receipt of the subsequently submitted invoice elements.

## **Termination of Operation of an Electronic Invoicing Device Adapted for Fiscalization - Article 22**

(1) If the electronic device for issuing invoices referred to in Article 13 of this Act completely ceases to operate, the taxpayer shall be obliged to issue invoices that must be linked to the book of invoices in accordance with paragraphs 2 to 7 of this Article.

(2) The bound book of invoices referred to in paragraph 1 of this Article shall be certified by the taxpayer at the Tax Administration prior to the commencement of use.

(3) In the case referred to in Paragraph 1 of this Article, the person liable to fiscalize the invoice shall be obliged, within five working days, counting from the day on which the electronic device for issuing invoices has completely ceased to operate, to establish the operation of the electronic device in the manner prescribed by Article 13 of this Act.

(4) Within the period referred to in Paragraph 3 of this Article, the person liable for the fiscalization of invoices shall be obliged to submit to the Fiscalization System all elements of the invoice for the issued invoices, via the established electronic connection.

(5) The fiscalization system shall determine the Unique Account Identifier for all submitted invoice elements referred to in Paragraph 4 of this Article and submit it to the invoice fiscalization payer as a confirmation of receipt of subsequently submitted invoice elements.

(6) The person liable for the fiscalization of invoices shall be obliged to add to the copies of the issued invoices referred to in paragraph 1 of this Article the information on the obtained Unique Invoice Identifier immediately upon receipt.

(7) The manner prescribed in paragraphs 1 to 6 of this Article shall also be followed in the event of the need to replace the equipment for establishing a connection, the inability to establish a connection for which the connection provider is responsible or another objective reason independent of the will of the person liable to fiscalize the invoice.

## **Implementation of the procedure of fiscalization of invoices in areas where it is not possible to establish a connection for data exchange - Article 23**

(1) If the taxpayer performs an activity or part of an activity in a business premises located in an area where it is not possible to establish a connection for the exchange of data with the Fiscalization System, the taxpayer of fiscalization of invoices for that part of the activity shall carry out the fiscalization procedure of invoices by issuing an invoice from the bound book of invoices, until the possibility of connection is realized.

(2) The inability to establish a connection for the exchange of data shall be proved by the taxpayer of the fiscalization of the invoice by a certificate issued by the Croatian Regulatory Agency for Network Industries with a validity period of one year.

## **Cancellation of invoices - Article 24**

(1) All obligations prescribed by the provisions of this Act for the issuance of invoices (content of invoices, invoice number) shall be applied accordingly when issuing invoices for the cancellation of invoices, i.e. in invoices in which a partial or full refund of goods or services is reported.

(2) If the amounts paid are refunded upon the cancellation of invoices, it is possible to carry out the procedure of fiscalization of invoices also for invoices with a negative sign.

## **Account Notification - Article 25**

The taxpayer of the fiscalization of the invoice is obliged to display a notice on the obligation to issue an invoice and the obligation of the buyer to take over and keep the issued invoice in the business premises (closed) on each electronic device for issuing an invoice or other visible place.

## **Account retention obligation - Article 26**

(1) The buyer and each recipient of the invoice shall be obliged to keep the invoice after leaving the business premises.

(2) The buyer shall be obliged to present the invoice at the request of an authorized person, an official of the Tax Administration and the Ministry of Finance, the Customs Administration.

### **Notice on Fiscalization of Sales through Self-Service Devices - Article 27**

Notwithstanding Article 25 of this Act, the person liable for the fiscalization of invoices who carries out the procedure of fiscalization of sales through self-service devices is obliged to display a notice on the fiscalization of sales through self-service devices on each self-service device.

### **Account verification - Article 28**

(1) Customers, i.e. all recipients of invoices for turnover in final consumption, for whom the invoice fiscalization procedure has been performed, may check whether their invoice has been registered in the Fiscalization System within 30 days from the date of invoice issuance.

(2) The verification shall be carried out by requesting the web service available on the website of the Tax Administration.

(3) Invoices issued in the cases referred to in Articles 22 and 23 of this Act may be submitted by buyers, i.e. recipients of invoices, to the competent branch office of the Tax Administration for verification.

### **Issuance of supporting documents before the invoice - Article 29**

If, for any business reason, the taxpayer issues a document on which payment information is stated before issuing the invoice, he is obliged to point out "THIS IS NOT A FISCALIZED INVOICE".



## **Implementation of the fiscalization procedure of the accompanying document - Article 30**

(1) The person liable for the fiscalization of the invoice referred to in Article 16, paragraph 8 of this Act shall be obliged to carry out the procedure of fiscalization of the invoice for an accompanying document such as an offer, order, etc., on which the payment information referred to in Article 29 of this Act is stated, and which shall be issued when the delivery of a product or the performance of a service has already begun or it is quite certain that this will occur.

(2) For the purpose of implementing the fiscalization of invoices referred to in Paragraph 1 of this Article, the taxpayer shall enable the use of software for electronic signing of messages on the accompanying document referred to in Paragraph 1 of this Article and provide an Internet connection for electronic data exchange with the Fiscalization System.

(3) The provisions of Articles 14 and 15 of this Act shall apply accordingly to the exchange of data and the use of the software solution referred to in Paragraph 2 of this Article.

## **Obligations when issuing an invoice after fiscalization of the accompanying document - Article 31**

The provisions of Articles 29 and 30 of this Act shall not preclude the implementation of the procedure of fiscalization of invoices when issuing invoices that are generated by turnover in final consumption.

# **CHAPTER VIII - PROVISIONS ON CASH PAYMENTS BETWEEN FISCALIZATION TAXPAYERS**

## **Payments between fiscalization taxpayers in cash - Article 32**

(1) Within the meaning of this Article, cash shall be considered to be euro banknotes and coins of the euro and cent.

(2) Payment in cash is the direct transfer of cash between the participants in the payment, the payment of cash to the account and the withdrawal of cash from the account.

(3) An invoice fiscalization payer may pay cash to another invoice fiscalization payer, unless otherwise prescribed by a special regulation:

1. for the purchase of products and services up to the amount of EUR 700.00 per invoice

2. for the purpose of supplying cash to authorised exchange offices.

(4) The person liable for the fiscalization of invoices may pay in cash to citizens, except for purposes which, according to the regulations governing income tax, are paid through the citizen's account.

(5) Any payment of cash to citizens shall be recorded by the fiscalization taxpayer in accordance with the regulations according to which the business books are kept.

(6) The person liable to fiscalize the account shall be obliged to pay cash, above the amount of the specified cash maximum pursuant to Article 33 of this Act, received during the day on any basis, except for the tip referred to in Article 20 of this Act, to his account opened with the bank on the same day, and no later than the next working day.

(7) A person subject to fiscalization of an account, who has a mark of blockade on bank accounts due to unfulfilled payment bases in the Register of Payment Sequence, may not pay in cash and/or retain cash.

(8) The person liable for the fiscalization of the account referred to in Paragraph 7 of this Article shall be obliged to pay the received cash to his account for regular operations in the bank immediately, and no later than the next working day.

### **Cash Register Maximum - Article 33**

The person liable for the fiscalization of the invoice, except for the taxpayer referred to in Article 32, paragraph 8 of this Act, may retain cash at the end of the working day up to the maximum cash register.

## **CHAPTER IX - BY-LAWS**

### **Content of the by-law - Article 34**

(1) The Minister of Finance shall prescribe the following by ordinance:

- the length and type of records for the Unique Account Identifier referred to in Article 7, paragraph 1, point 4 of this Act;
- the length and type of record for the Issuer's Security Code referred to in Article 7, paragraph 1, item 5 of this Act;
- the methods of generation and mandatory data contained in the QR code record and the type of record for the QR code referred to in Article 7, paragraph 1, point 6 of this Act;
- instructions on the procedures for obtaining the certificate referred to in Article 10 of this Act;
- the method of testing the fiscalization of invoices referred to in Article 14, paragraph 4 of this Act;
- the form and structure of messages with mandatory invoice elements and the manner of data exchange between the taxpayer of invoice fiscalization and the Fiscalization System referred to in Article 15 of this Act;
- the content of the data and the manner of submitting data on business premises referred to in Article 16 of this Act;
- the content and the procedure of certification of the bound book of accounts referred to in Article 22 of this Act;
- the procedure of proof in cases of impossibility of establishing a connection for the exchange of data referred to in Article 23 of this Act;
- the form and content of the notice on the obligation to issue an invoice and the obligation of the buyer to take over and keep the issued invoice referred to in Article 25 of this Act;

- the content of the notification on the fiscalization of sales through self-service machines referred to in Article 27 of this Act;
- instructions on the ways of verifying issued invoices through the Tax Administration's service by requesting the web service referred to in Article 28 of this Act, and
- the amount of the maximum cash register according to individual categories of taxpayers referred to in Article 33 of this Act.

(2) By the Ordinance referred to in Paragraph 1 of this Article, the Minister of Finance shall prescribe protocols and security mechanisms for the exchange of messages, a central and individual model for fiscalization, standard error messages, as well as protocols for dealing with errors for the purposes of:

- implementation of the procedure of fiscalization of invoices referred to in Article 15 of this Act.
- implementation of the procedure of fiscalization of sales through self-service devices referred to in Article 18 of this Act,
- submission of data on tips referred to in Article 20 of this Act, and
- implementation of the procedure of fiscalization of accompanying documents referred to in Article 30 of this Act.

## **PART THREE - ISSUANCE AND FISCALIZATION OF E-INVOICES IN TAXPAYERS' OPERATIONS**

### **CHAPTER I - GENERAL PROVISIONS**

#### **General Provision on eInvoice - Article 35**

(1) The provisions of the regulation governing the issuance of eInvoices in public procurement shall apply accordingly to the provisions on eInvoices and the treatment of eInvoices from this Part of the Act.

(2) The provisions of this Part of the Act shall not apply to supplies of goods or services resulting from the procurement and performance of contracts that have been declared secret or that must include special security measures in accordance with laws and regulations.

## **Authenticity of eInvoices - Article 36**

(1) An eInvoice issued in accordance with the provisions of this Act shall be considered an authentic document to third parties.

(2) The authenticity of the origin, integrity of the content and legibility of the eInvoice shall be ensured from the moment of issuance of the eInvoice until the end of the period for storing the eInvoice.

## **Deadlines for storing eInvoices - Article 37**

For the purposes of this Act, eInvoices shall be kept in electronic form for 11 years from the end of the business year to which they relate.

# **CHAPTER II - eINVOICE**

## **Elements of eInvoice - Article 38**

Each eInvoice must comply with the EU standard.

## **Exchange of eInvoices - Article 39**

(1) The exchange of eInvoices shall be carried out through access points.

(2) The access point shall be obliged to enable the secure exchange of data between the issuer and the recipient of the eInvoice in such a way as to ensure standardized formats, protocols and interoperability between different systems.

(3) Notwithstanding Paragraph 1 of this Article, eInvoices may be exchanged using other technologies and procedures, while respecting the provisions of this Act and ensuring the authenticity of origin, integrity of content and legibility from issuance to the end of the eInvoice retention period.

### **Obligation to issue eInvoices - Article 40**

(1) The eInvoice issuer shall be obliged to issue an eInvoice for domestic transactions performed by the eInvoice recipient, unless it is exempt from the obligation to issue an invoice pursuant to a special regulation.

(2) When exchanging eInvoices, the identity of the access point shall be proved by means of certificates issued by trust service providers/trusted trust service providers in the Republic of Croatia, with the obligatory OIB with which the message containing the eInvoice is signed.

### **Exemption from the obligation to issue eInvoices - Article 41**

(1) Notwithstanding Article 40 of this Act, a transaction paid in cash or by card for which an invoice has been issued and the procedure of fiscalization of invoices pursuant to Article 15 of this Act shall be exempt from the obligation to issue e-Invoices and fiscalization of e-Invoices.

(2) During the procedure of fiscalization of invoices referred to in Paragraph 1 of this Article, the OIB of the recipient of the invoice shall be submitted to the Fiscalization System.

## **Inability to issue eInvoices - Article 42**

(1) The eInvoice issuer shall not be liable for the non-issuance of an eInvoice if the eInvoice cannot be issued to the recipient of the invoice due to the unavailability of the identifier in the AMS.

(2) In the case referred to in Paragraph 1 of this Article, an invoice may be issued in paper form, and data shall be submitted to the Fiscalization System through the e-Reporting procedure referred to in Article 53 of this Act.

## **Obligation to receive eInvoices - Article 43**

The recipient of the e-Invoice shall be obliged to receive the e-Invoice in the manner prescribed by Article 39 of this Act.

## **Classification of Products by Activities - Article 44**

(1) The classification of products by activities that is binding for application in accordance with the provisions of this Act shall be maintained by the Croatian Bureau of Statistics.

(2) Persons obliged to apply this Act shall be obliged to link the information on the product item in the eInvoice with the correct classification code from the classification version in the application of the classification referred to in Article 2, paragraph 1, item 31 of this Act and to state it in the eInvoice with at least six digits.

## **Resending of eInvoices - Article 45**

(1) In the event that the information on the eInvoice that does not affect the tax calculation is corrected, the eInvoice may be issued under the same number in the same taxation period with the obligatory indication of the information "invoice copy indicator".

(2) Corrected eInvoices shall be fiscalized immediately upon sending and receiving the corrected eInvoice.

## **CHAPTER III - PUBLICATION OF IDENTIFIERS IN AMS**

### **Procedure for the publication of identifiers in the AMS - Article 46**

(1) The recipient of the e-Invoice shall, prior to the commencement of the receipt of the e-Invoice, submit information on the taxpayer's identifier through which his/her final address for receiving the e-Invoice shall be found.

(2) The data referred to in Paragraph 1 of this Article shall be submitted by MPS via web service to AMS.

(3) In the event that the recipient of the eInvoice uses the services of an information intermediary, the information on the identifier referred to in paragraph 1 of this Article shall become publicly available after the confirmation of the recipient of the eInvoice through the FiskApplication.

(4) The recipient of the eInvoice shall submit any change in the data within the AMS to the AMS immediately after the change has occurred.

### **Retrieval of data from the AMS - Article 47**



(1) The information on the final address for receiving eInvoices shall be retrieved through AMS, which shall be queried by the invoice issuer along with the identifier of the eInvoice recipient.

(2) The information on the final address for receiving eInvoices shall be in the possession of the corresponding MPS.

### **List of Taxpayer Identifiers - Article 48**

(1) The taxpayer shall voluntarily decide on the submission of his/her data for publication on the List of Taxpayers' Identifiers.

(2) The data that shall be publicly published on the List referred to in Paragraph 1 of this Article shall be OIB, name, address of the eInvoice recipient, eInvoice recipient identifier, name of the information intermediary, information intermediary identifier, name, address and contact of the business unit, if applicable.

(3) The taxpayer shall submit the information referred to in Paragraph 2 of this Article to the MPS.

## **CHAPTER IV - FISCALIZATION OF E-INVOICES**

### **Fiscalization obligation - Article 49**

The eInvoice issuer and the eInvoice recipient are obliged to implement the obligation to fiscalize eInvoices for each issued and received eInvoice.

## **Data for the fiscalization of eInvoices - Article 50**

(1) The person liable for the fiscalization of e-Invoices referred to in Article 49 of this Act shall submit to the Fiscalization System the data on:

1. the date of issue of the invoice
2. Account number
3. the due date of payment
4. the issuer of the invoice
5. to the recipient of the invoice
6. the quantity, type of goods supplied, i.e. the quantity or scope of services provided, including classification, except in the case of an advance invoice
7. the tax base for each tax rate or exemption, the unit price excluding VAT and any discounts or rebates if they are not included in the unit price;
8. stopi PDV-a
9. the amount of VAT to be paid, unless a special procedure within the meaning of the VAT legislation for which this information is excluded applies
10. a previously issued invoice in the case of an invoice correction or an advance invoice, and
11. the bank account number or virtual account number of the eInvoice issuer or any other identifier that unambiguously identifies the e-Invoice of the issuer for payment.

(2) The notes contained in the eInvoice that are important for the calculation of VAT according to the VAT regulation shall be submitted as data in the xml scheme according to the EU standard.

(3) The eInvoice issuer shall be obliged to carry out the fiscalization of eInvoices for the issued eInvoice separately from the eInvoice exchange procedure at the time of issuing the eInvoice, and in the case of self-issuance of the invoice no later than five working days after the eInvoice has been issued.

(4) The recipient of the eInvoice shall carry out the fiscalization of the eInvoice for the received eInvoice separately from the eInvoice exchange procedure no later than five working days from the receipt of the eInvoice

(5) The eInvoice issuer shall apply the rules accordingly in accordance with Articles 8 and 9 of this Act to the information on the invoice number referred to in paragraph 1 of this Article and the information on the operator's designation and business premises.

### **Impossibility of fiscalization - Article 51**

(1) Notwithstanding Article 50 of this Act, if it is not possible to fiscalize e-Invoices due to technical reasons or interruption of Internet connections, fiscalization payers shall be obliged to carry out the fiscalization procedure of eInvoices no later than five working days, counting from the day when the technical impossibility or interruption of the Internet connection occurred.

(2) Persons obliged to apply the fiscalization of eInvoices shall be obliged to provide satisfactory software and hardware support for the exchange of eInvoices and fiscalization of eInvoices.

## **CHAPTER V - E-REPORTING SYSTEM**

### **eReporting Procedure - Article 52**

For the implementation of the eReporting procedure, the issuer of eInvoices and the recipient of eInvoices may use:

1. Web Service
2. information intermediary service
3. FiskApp.

### **Reportable Supplies - Article 53**

(1) The issuer of eInvoices shall be obliged to submit data for deliveries for which it was not possible to issue an eInvoice within the meaning of Article 42 of this Act by means of eReporting, if it is a company or a craftsman or a freelance professional holder as recipients of invoices.

(2) The reporting entity referred to in Paragraph 1 of this Article shall submit to the Fiscalization System the data prescribed by Article 50, Paragraph 1 of this Act.

(3) The reporting entities referred to in Paragraph 2 of this Article shall submit the prescribed data to the Fiscalization System within the deadlines prescribed by Article 50, Paragraph 3 of this Act.

(4) The amounts to be reported must be reported in euro.

(5) If the amounts are expressed in a foreign currency, the middle exchange rate of the Croatian National Bank on the day of the VAT calculation obligation or the exchange rate published by the European Central Bank on the day of the VAT calculation obligation shall be used for conversion into euro.

### **Data on the rejection of eInvoices - Article 54**

(1) By the 20th day of the month for the previous month, the recipient of e-Invoices shall submit to the Fiscalization System the data on the eInvoices for which the rejection was made in the previous month.

(2) Pursuant to Paragraph 1 of this Article, the recipient of the eInvoice shall submit data on:

1. the date of issuance of the eInvoice
2. eInvoice number
3. OIB of the issuer and recipient of the eInvoice

(4) the date of rejection, and

5. the reason for refusal.

(3) By submitting the information on the rejection of the eInvoice, it shall be considered that the recipient of the invoice has submitted a statement that he will not exercise the right to input VAT.

(4) A rejected eInvoice shall be cancelled and a new eInvoice shall be issued if applicable.

### **Information on the collection of eInvoices - Article 55**

The issuer of eInvoices is obliged to submit the following data to the Fiscalization System by the 20th day of the month for the previous month:

1. Date of issue of the eInvoice
2. eInvoice number
3. OIB of the issuer and recipient of the eInvoice
4. the amount and method of payment, and
5. Billing date.

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## **CHAPTER VI - PROVISIONS ON THE MICROeINVOICE APPLICATION**

### **MIKROeRAČUN Application - Article 56**

The MIKROeRAČUN application enables the issuance, receipt and storage of eInvoices, as well as the fiscalization of issued and received eInvoices.

### **Right to use the MIKROeRAČUN application - Article 57**

(1) The issuer and recipient of eInvoices shall have the right to use the application referred to in Article 56 of this Act, provided that they are not registered in the register of VAT payers in accordance with the VAT regulation and provided that they are not obliged to apply the regulations on electronic invoicing in public procurement as contracting authorities.

(2) A taxpayer referred to in Paragraph 1 of this Article who wishes to use the MIKROeRAČUN application shall be obliged to accept the general terms and conditions of use of the application.

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### **Terms and Conditions of Use of the MIKROeRAČUN Application - Article 58**

(1) The use of the MIKROeRAČUN application shall not be charged.

(2) After the expiry of the period of storage of eInvoices referred to in Article 37 of this Act, the taxpayer may take over the issued and received eInvoices relating to him/her in xml form, and by visualizing them in pdf and all attachments exchanged with the eInvoice.

(3) Notwithstanding Paragraph 2 of this Article, in the cases referred to in Article 59 of this Act, the taxpayer may take over the issued and received eInvoices relating to him by ceasing to use the MIKROeRAČUN application.

### **Termination of the right to use the MIKROeRAČUN application - Article 59**

(1) If the taxpayer is no longer considered to be a person referred to in Article 57, paragraph 1 of this Act, the right to use the application shall cease to exist as of 1 January following the expiry of the year in which the taxpayer no longer meets the conditions for the use of the MIKROeRAČUN application.

(2) The taxpayer shall notify the Tax Administration of the fact referred to in Paragraph 1 of this Article by the end of the calendar year in which the taxpayer no longer meets the conditions for the use of the MIKROeRAČUN application.

(3) In the case referred to in Paragraph 2 of this Article, the taxpayer shall submit data on his/her access point to AMS prior to the commencement of the obligation to receive eInvoices.

(4) If the taxpayer fails to notify the Tax Administration in accordance with paragraph 2 of this Article, the Tax Administration shall issue a decision disputing the right to use the application from 1 January of the following year, which shall be delivered to the user in the User Mailbox which is part of the state information infrastructure.

(5) An appeal against the decision referred to in Paragraph 4 of this Article shall not postpone the execution.

## **CHAPTER VII - INFORMATION INTERMEDIARY**

### **Obligations and Responsibilities - Article 60**

(1) The information intermediary shall be responsible for the correctness of the software solution offered for the purposes of the application of this Act.

(2) The taxpayer shall be responsible for the correct issuance and receipt of eInvoices and fiscalization of eInvoices as well as eReporting.

(3) The Tax Administration shall be considered to be an information intermediary that prepares and ensures the functioning of the application referred to in Article 56 of this Act, and in that part acts in accordance with the provisions of this Act.

(4) Persons obliged to act under this Act and information intermediaries shall conclude contracts on mutual rights and obligations.

(5) The conclusion of the contract referred to in paragraph 4 of this Article shall not be mandatory within the meaning of Article 56 of the Act. of this Act, and the Tax Administration will publish the general terms and conditions under which the MIKROeRAČUN application will be used.

## **Conditions for performing the activities of an information intermediary - Article 61**

(1) For the purposes of this Act, the tasks of an information intermediary may be performed by persons who submit the documentation prescribed by Article 63 of this Act and successfully conduct compliance testing by obtaining a final report.

(2) The Tax Administration shall issue a certificate of compliance to information intermediaries who meet the conditions prescribed in Paragraph 1 of this Article.

(3) The Tax Administration shall publish on the Public Portal the List of Information Intermediaries to which the Certificate of Conformity has been issued.

(4) The list referred to in Paragraph 3 of this Article shall contain the name of the information intermediary, OIB and the scope of services for the purposes of the application of this Act that may be provided to the persons liable for the exchange of eInvoices, fiscalization of eInvoices and eReporting.

## **Conformity testing - Article 62**

Compliance testing of information intermediaries and other persons subject to this Act shall be carried out through the Compliance Testing Portal.

## **Documentation required for the performance of the activities of an information intermediary - Article 63**

Before proceeding with the final compliance testing referred to in Article 62 of this Act, the information intermediary must submit the following documentation to the Tax Administration:



1. a document detailing the means implemented to ensure the security of personal data in accordance with Article 32 of the Act. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)

2. ISO/IEC 27001 Certificate

3. a statement committing itself to managing its information system from the European Union and to ensure that there is no transfer of data outside the European Union, and

4. a statement stating the scope of services provided for the purposes of the implementation of this Act.

## **Monitoring of the fulfilment of conditions - Article 64**

(1) After the expiry of the validity of the ISO/IEC 27001 Certificate, the Information Intermediary shall submit a new certificate to the Tax Administration without delay, and no later than within 60 days.

(2) The Tax Administration shall delete an information intermediary who fails to do so upon the expiry of the period referred to in paragraph 1 of this Article from the List of Information Intermediaries in order to cease to meet the conditions prescribed by this Act.

(3) The Tax Administration shall notify the persons subject to the application of this Act who have concluded a contract with an information intermediary referred to in Article 60, paragraph 4 of this Act that it has been deleted from the List of Information Intermediaries.

(4) An information intermediary who has been deleted from the List of Information Intermediaries pursuant to Paragraph 2 of this Article, and wishes to continue performing activities pursuant to the provisions of this Act, shall meet the conditions prescribed by Article 61 of this Act and submit the documentation referred to in Article 63 of this Act.

## **Obligations of an Access Point That Is Not an Information Intermediary - Article 65**

(1) An access point that is not an information intermediary shall access the conformity test without the obligation to submit the documentation referred to in Article 63 of this Act .

(2) Notwithstanding Article 62 of this Act, the conformity test shall test the access point referred to in Paragraph 1 of this Article for the ability to issue and receive eInvoices and MPS communication.

(3) The access point referred to in paragraph 1 of this Article that has passed the conformity testing shall receive a certificate of compliance and shall not be published on the list of information intermediaries.

## **CHAPTER VIII - BY-LAWS**

### **The content of the by-law - Article 66 of the Constitution of the Republic of Croatia.**

(1) The Minister of Finance shall prescribe the following by ordinance:

- the manner of data exchange between the issuer and the recipient of the eInvoice referred to in Article 39, paragraph 2 of this Act;
- the method of identification of the issuer of eInvoices referred to in Article 40 of this Act;
- the manner of application of the classification referred to in Article 44 of this Act;
- the manner of retrieving data from the AMS referred to in Article 47 of this Act;
- the manner of publication of the identifier referred to in Article 48 of this Act;
- the method of testing the compliance of the information intermediary referred to in Article 62 of this Act, and
- the method of testing the compliance of an access point that is not an information intermediary referred to in Article 65 of this Act.

(2) By the Ordinance referred to in Paragraph 1 of this Article, the Minister of Finance shall prescribe protocols and security mechanisms for the exchange of messages, a model of application for sending and signing electronic messages, standard error messages as well as protocols for dealing with errors

- for the purpose of implementing the fiscalization of eInvoices referred to in Article 50 of this Act, and

- for the purposes of eReporting referred to in Articles 53, 54 and 55 of this Act.

## **PART FOUR - COMMON PROVISIONS**

### **CHAPTER I - GENERAL PROVISIONS**

#### **Supervision - Article 67**

(1) Supervision over the implementation of fiscalization of invoices referred to in the second part of this Act shall be carried out by the Ministry of Finance, the Tax Administration and the Customs Administration.

(2) Except in the cases referred to in Paragraph 3 of this Article, the Tax Administration shall supervise the issuance and fiscalization of eInvoices referred to in the third part of this Act.

(3) The verification of compliance of the information intermediary with the provisions of the regulations on cyber security shall be carried out by the competent authority in accordance with the regulation governing cyber security.

#### **Prohibition of performing activities - Article 68**

If during the inspection referred to in Article 67, paragraph 1 of this Act, it is established that the taxpayer does not carry out the fiscalization procedure in accordance with Article 15, paragraph 1, Article 18, paragraph 1 and Article 30, paragraph 1 of this Act, the taxpayer may be temporarily prohibited from performing the activity by sealing until the reasons for which the prohibition was imposed are removed, and no later than eight days from the date of issuance of the decision.

#### **Security, use of data and access to data - Article 69**

The Tax Administration undertakes to improve, standardize and certify systems for fiscalization and system management in accordance with the highest standards in the field of data protection.

### **Access to taxpayers' data - Article 70**

(1) The Tax Administration shall provide persons subject to the application of this Act with access to the FiskApplication.

(2) The FiskApplication enables:

1. Overview of data from invoice fiscalization and eInvoice fiscalization
2. insight into the status of eInvoices (received/charged/rejected) and
3. Insight into other data from the Fiscalization System.

### **Procedural provisions - Article 71**

The provisions of the regulation governing the general tax procedure shall apply to the conduct that is not regulated by the provisions of this Act, and which refers to the Tax Administration and the Customs Administration.

## **CHAPTER II - PROVISIONS ON MISDEMEANOURS**

### **Misdemeanour Proceedings - Article 72**

Misdemeanour proceedings for violations of the provisions of this Act shall be conducted in the first instance by the competent misdemeanor authority of the Ministry of Finance, the Tax Administration or the Customs Administration.

## **The most serious offences - Article 73**

(1) A fine in the amount of EUR 3,980.00 to EUR 66,360.00 shall be imposed on a legal person:

1. the manufacturer and/or maintainer of the software solution, if the software solution referred to in Articles 14 and 19 of this Act enables procedures that avoid the implementation of fiscalization of invoicing (Article 14, paragraph 1 and Article 19, paragraph 1);

2. A fiscalization taxpayer if, prior to the issuance of an invoice, he/she issues a document stating payment information, which does not visibly state "THIS IS NOT A FISCALIZED INVOICE" (Article 29)

3. if he does not issue an e-Invoice and/or does not receive an e-Invoice and if he does not carry out the fiscalization of the issued and received eInvoice (Article 40 of the Tax Act). paragraph 1, Article 43 and Article 49)

4. an information intermediary if the software solution it offers for the purpose of applying this Act is not correct (Article 60, paragraph 1).

(2) For the misdemeanour referred to in Paragraph 1 of this Article, a fine of EUR 3,980.00 to EUR 39,810.00 shall be imposed on a natural person who is a craftsman or a natural person who performs another independent activity.

(3) For the misdemeanor referred to in Paragraph 1 of this Article, the responsible person in a legal person shall also be punished with a fine of EUR 660.00 to EUR 6,630.00.

## **Serious Offences - Article 74**

(1) A fine in the amount of EUR 2,650.00 to EUR 66,360.00 shall be imposed on a legal person if:

1. issues invoices or documents that do not contain the information prescribed by law or issues invoices that do not contain accurate and complete information (Article 7, paragraphs 1 and 2, Article 12 and Article 29);

2. fails to fiscalize invoices for all activities (Article 6);

3. fails to obtain a digital certificate from the Financial Agency for the purpose of fiscalization of invoices (Article 10);

4. issues invoices that do not contain the Unique Account Identifier (Article 12);

5. fails to issue invoices via an electronic invoicing device (Article 13);

6. does not fiscalize every sale through self-service devices at the time of sale (Article 18, paragraph 1);

7. fails to provide satisfactory software and hardware support for the exchange of data in the Fiscalization System (Article 21, paragraph 4);

8. fails to carry out the procedure of fiscalization of the issuance of an invoice for the accompanying document on which the payment information is stated before the issuance of the invoice (Article 30 of the Invoicing Act); paragraph 1.)

9. fails to deposit the amount of cash received into the account (Article 32, paragraphs 6, 7 and 8);

10. fails to fiscalize the eInvoice in the prescribed manner and within the prescribed deadlines (Article 50 of the Act). paragraphs 1, 3 and 4)

11. fails to provide satisfactory software and hardware support for the exchange of eInvoices and fiscalization of eInvoices (Article 51, paragraph 2).

(2) A fine of EUR 1,320.00 to EUR 39,810.00 for the misdemeanor referred to in paragraph 1 of this Article shall be imposed on a natural person who is a craftsman and a natural person who performs other independent activity.

(3) A fine in the amount of EUR 390.00 to EUR 6,630.00 shall also be imposed on the person responsible in the legal entity for the misdemeanours referred to in paragraph 1 of this Article.

(4) For a repeated misdemeanour referred to in Paragraph 1 of this Article, a legal person shall be punished for a misdemeanour in the amount of EUR 1,060.00 to EUR 53,080.00, a natural person who is a craftsman and a natural person performing other independent activity shall be punished with a fine in the amount of EUR 390.00 to EUR 39,810.00, and a responsible person in a legal person with a fine in the amount of EUR 660.00 to EUR 6,630.00.

## **Minor offences - Article 75**

(1) A fine in the amount of EUR 1,320.00 to EUR 26,540.00 shall be imposed on a legal person if:

1. fails to link the operator's code to the person's OIB for the purpose of submitting invoice elements and fails to submit the operator's OIB to the Fiscalization System (Article 8, paragraphs 2 and 3);

2. fails to ensure the issuance of invoice numbers in the manner prescribed by the provisions of this Act (Article 9, paragraph 1);

3. fails to adopt and/or submit an internal act (Article 9, paragraph 3);
4. fails to submit information on business premises or fails to submit complete information (Article 16, paragraphs 1 and 2 and Article 18, paragraph 2);
5. fails to provide information on the manufacturer and/or maintainer of the software solution (Article 17, paragraph 1);
6. fails to provide information on the tip (Article 20, paragraph 1);
7. fails to establish an electronic connection within two working days, counting from the day on which the connection was interrupted, and fails to submit all issued invoices (Article 21, paragraph 2);
8. issues invoices from a bound book of accounts that has not been certified by the Ministry of Finance, Tax Administration before the start of use (Article 22, paragraph 2);
9. fails to establish the operation of the payment device and fails to submit issued invoices within five working days, counting from the day on which the payment device was completely discontinued, (Article 22, paragraphs 3 and 4);
10. fails to add or does not add in a timely manner the information on the obtained Unique Account Identifier on the copies of issued invoices from the bound book of invoices (Article 22, paragraph 6);
11. fails to prove the impossibility of establishing a data exchange connection by means of a certificate from the Croatian Regulatory Authority for Network Industries (Article 23, paragraph 2);
12. fails to act in accordance with the provisions for issuing invoices when executing a cancellation invoice (Article 24);
13. fails to display a notice on the obligation to issue an invoice and the obligation of the buyer to collect and keep the issued invoice in the business premises at any payment device or other visible place (Article 25);
14. fails to display a notice on the fiscalization of sales through self-service devices on a self-service device (Article 27);



15. payment in cash contrary to the provision of Article 32, paragraph 3 of this Act;
16. fails to keep the eInvoice within the prescribed period (Article 37)
17. fails to submit information on the OIB of the recipient of the invoice to the Fiscalization System when conducting the procedure of fiscalization of invoices for a transaction paid by cash or card (Article 41, paragraph 2);
18. does not link the data on the product item from the eInvoice with the correct classification code from the classification (Article 44, paragraph 2);
19. fails to submit an identifier to the AMS (Article 46, paragraph 1);
20. fails to provide information on the change of the information intermediary, its data or the termination of the existence of the information intermediary in the AMS (Article 46, paragraph 4);
21. fails to carry out or fails to carry out the fiscalization procedure of e-Invoices within the prescribed deadline (Article 51);
22. fails to report or fails to report within the prescribed deadlines on the reportable deliveries (Article 53);
23. fails to submit information on the rejection of the eInvoice or fails to submit it within the prescribed deadline (Article 54 of the E-Invoice Act). paragraphs 1 and 2)
24. fails to submit data on the collection of eInvoices or fails to submit them within the prescribed deadline (Article 55).

(2) A fine of EUR 660.00 to EUR 13,270.00 for the misdemeanour referred to in Paragraph 1, Items 1 to 5 and 7 to 14 of this Article shall be imposed on a natural person who is a craftsman and a natural person who performs other independent activity.

(3) A fine of EUR 260.00 to EUR 2,650.00 shall also be imposed on the person responsible in the legal entity for the misdemeanours referred to in paragraph 1 of this Article.

(4) For a repeated misdemeanour referred to in Paragraph 1 of this Article, a legal person shall be punished for a misdemeanour by a fine in the amount of EUR 530.00 to EUR 39,810.00, a natural person who is a craftsman and a natural person who performs other independent activity by a fine in the amount of EUR 260.00 to EUR 26,540.00, and a responsible person in a legal person by a fine in the amount of EUR 530.00 to EUR 3,980.00.

(5) A fine of EUR 30.00 to EUR 260.00 shall be imposed on the buyer and any recipient of the invoice who does not contain the invoice after leaving the business premises or does not show it at the request of the supervisory authority (Article 26).

## **PART FIVE - TRANSITIONAL AND FINAL PROVISIONS**

### **Exceptions for the Commencement of Application of the Provisions of the Act - Article 76**

After the entry into force of this Act, the Tax Administration shall enable taxpayers referred to in Article 57, paragraph 1 of this Act to become users of the MIKROeRACUN application by accepting the general terms and conditions of use referred to in Article 60, paragraph 5 of this Act.

### **Application of Individual Acts - Article 77**

(1) Fiscalization taxpayers who have registered business premises and self-service devices in accordance with the provisions of the Act on Fiscalization in Cash Transactions ( Official Gazette, No. 133/12, 115/16, 106/18, 121/19, 138/20, 114/23 ) shall not be obliged to re-register the business premises referred to in Article 16 and the registration of self-service devices referred to in Article 18 of this Act, unless there has been a change in the data.

(2) Fiscalization taxpayers who have adopted an internal act pursuant to the provisions of the Act on Fiscalization in Cash Transactions ( Official Gazette, No. 133/12, 115/16, 106/18, 121/19, 138/20, 114/23 ) shall not be obliged to enact an internal act referred to in Article 10

pursuant to the provisions of this Act, unless there has been a change in the information in the internal act.

(3) A certificate issued by the Croatian Regulatory Authority for Network Industries in accordance with the provisions of the Act on Fiscalization in Cash Transactions (Official Gazette, No. 133/12, 115/16, 106/18, 121/19, 138/20, 114/23) shall be valid until the expiry of the period for which it was issued.

## **Deadlines for the adoption of by-laws - Article 78**

The Minister of Finance shall enact the regulations referred to in Articles 34 and 66 of this Act within 90 days from the date of entry into force of Articles 34 and 66 of this Act.

## **Termination of Regulations - Article 79**

(1) The Act on Fiscalization in Cash Transactions (Official Gazette , no. 133/12, 115/16, 106/18, 121/19, 138/20, 114/23) shall cease to be valid on the day of entry into force of this Act.

(2) Until the date of entry into force of the Ordinance referred to in Article 34 of this Act, the provisions of the Ordinance on Fiscalization in Cash Transactions ("Official Gazette " No. 146/12, 46/17, 70/20, 1/21, 144/21, 125/22, 1/24) in the part in which they are not contrary to the provisions of this Act.

(3) Procedures initiated pursuant to the provisions of the Act on Fiscalization in Cash Transactions (Official Gazette, No. 133/12, 115/16, 106/18, 121/19, 138/20, 114/23) shall be completed in accordance with the provisions of the said Act.

## **Entry into force - Article 80**

This Act shall be published in the "Official Gazette" and shall enter into force on 1 September 2025, with the exception of Article 2(1)(26) (in the part relating to the transaction account), Article 35 of the Act. Article 45, Article 47, Articles 49 to 59, Article 66, Article 67(2) and (3), Article 70, Article 73(1)(3) and (4), Article 74(1)(9) and (10), Article 75(1)(16)

to (24), which shall enter into force on 1 January 2026, and Article 2(1), points (15)(b) and (c), which shall enter into force on 1 January 2027.

## **EXPLANATION OF THE PROVISIONS OF THE PROPOSED LAW**

### **In addition to Article 1.**

This Article prescribes the areas regulated by the Fiscalization Act, namely fiscalization of invoices in final consumption and the issuance and fiscalization of electronic invoices in the operations of taxpayers.

### **In addition to Article 2.**

This Article defines the terms used in this Act in such a way that the meanings of the terms are exhaustively listed.

### **In addition to Articles 3 to 6.**

Article 3 prescribes a general provision on the obligation of the taxpayer to fiscalize the invoice prescribed by Article 2, paragraph 1, item 21 of this Act on the implementation of the fiscalization of invoices according to the provisions of this Act. Furthermore, exemptions from the obligation to fiscalize invoices are prescribed for certain activities whose turnover can be effectively monitored through measurable quantities (such as consumption measurement) or in long ways. Exemptions from the fiscalization obligation are based on the manner of performing a certain activity, so these are functional, not institutional exemptions. This means that the taxpayer is exempt from the obligation to fiscalize the invoice, but only for the exempt activity. The prescribed exemption from the obligation to fiscalize invoices means that in the part of performing the exempt activity, the taxpayer is not considered to be subject to fiscalization of invoices at all, and therefore is not obliged to adopt an internal act, nor to establish a method of numbering invoices, or to adjust the content of invoices. Given that it is not possible to predict all activities and their specifics, Article 4, paragraph 2 allows the Government of the Republic of Croatia to make a decision on the exemption of a certain activity from the prescribed obligation to fiscalize invoices, at the proposal of the Minister of Finance. Since the exemption from the obligation to fiscalize invoices in final consumption is prescribed for activities, and fiscalization taxpayers can perform several activities, including some exempt from the obligation of fiscalization, Article 5 prescribes the procedure in these cases. Article 6 prescribes the obligation to carry out the fiscalization procedure in final consumption, for all activities except for turnovers for which there is an exemption from fiscalization. except for the exemptions specified in Article 4 of this Act.

### **In addition to Articles 7 to 9.**

The content of the invoice is prescribed by the provisions of special regulations and the General Tax Act. For the purpose of efficient implementation of invoice fiscalization, Article 7 prescribes the mandatory additional content of invoices in final consumption. The additional content of the invoice is considered to be the time of issuance (hour and minute), the operator's code, the designation of the method of payment of the invoice (banknotes, card, transaction account, other), JIR, ZKI and QR code. Article 8 further clarifies the provisions on the designation of the operator, as the designation of the person who issues the invoice on the electronic invoicing device. It is possible to put a certain mark on the invoice itself, which, in a mandatory internal act, the taxpayer is obliged to link to the OIB of that person. When fiscalizing an invoice, the taxpayer submits the operator's OIB to the Fiscalization System as an element of the invoice. In this way, an additional possibility of tax supervision is provided with regard to persons employed by the person subject to fiscalization of invoices, especially by comparing the above data with the data that are still collected in the fiscalization process, such as: working days and working hours. Cases are also prescribed when the OIB of the operator stated on the invoice will be identical to the OIB of the issuer of the invoice. Article 9 prescribes the method of constructing the invoice number as the obligatory content of the invoice. It is determined that the numerical invoice number must follow an uninterrupted numerical order, without gaps in each business premises or invoicing device in the business premises, depending on the act of the fiscalization payer. This means that the fiscalization payer determines the ways of compiling the numerical sequence (per business premises or invoicing device), but the procedure must be clearly prescribed by a mandatory internal act. The numerical order starts every calendar year, i.e. in each tax period, from the number 1 to the number n.

### **In addition to Articles 10 and 11.**

For the purpose of implementing the invoice fiscalization procedure, Article 10 stipulates that the invoice fiscalization entity is obliged to obtain a digital certificate that is used in the invoice fiscalization procedure for the digital signing of invoice elements and for the identification of the invoice fiscalization entity during electronic data interchange. On the basis of the downloaded digital certificates, Article 11 obliges the Financial Agency to keep the Records of Fiscalization Payers.

### **In addition to Articles 12 to 14.**

Article 12 prescribes the procedure of fiscalization of invoices, which, according to the provisions of the Act, is carried out by issuing an invoice containing a Unique Invoice Identifier. For this purpose, Article 13 obliges taxpayers to issue invoices through electronic invoicing devices that must enable the use of software for electronic signing of invoice elements and provide a connection (internet) for electronic data exchange with the Fiscalization System. Article 14 stipulates that in order to carry out the invoice fiscalization procedure, the taxpayers are obliged to use a software solution that is in accordance with the provisions of the Act, i.e. a software solution that will disable procedures that avoid the procedure of fiscalization of invoices in final consumption. It is clearly defined that a software solution that enables the avoidance of the invoice fiscalization procedure will be considered a software solution that has the ability to change items in an already issued invoice, which refers to all invoice items that are prescribed by the Act and other regulations on the mandatory content of invoices. The taxpayer of the fiscalization of the invoice as well

as the manufacturer and/or maintainer of the software solution are responsible for the correctness of the software solution.

### **In addition to Article 15.**

It is prescribed that when issuing each invoice for turnover in final consumption, the taxpayer electronically signs the elements of the invoice and delivers them to the Fiscalization System via an established electronic connection. The fiscalization system checks whether all the prescribed elements of the invoice have been submitted and whether they have been signed with the correct digital certificate. If the conditions are cumulatively met (all invoice elements and a valid digital signature), the Fiscalization System determines the invoice elements with a unique invoice identifier (JIR) and returns it to the invoice fiscalization payer via the established electronic connection. This exchange is performed in fractions of seconds and it is possible to print the invoice on which the JIR is printed, which means that the invoice certified by the Fiscalization System is printed. If not all elements of the invoice are submitted or are not properly digitally signed, the Fiscalization System refuses to determine the JIR and returns such a message to the taxpayer of the fiscalization of the invoice. The purpose of verifying invoices by assigning JIR is the fact that a Unique Account Identifier is created through which each buyer can check whether the tax he pays to the seller has already been reported to the Tax Administration.

### **In addition to Articles 16 and 17.**

These articles prescribe the submission of data on the person liable to fiscalize the invoice to the Fiscalization System. The fiscalization taxpayer is obliged to submit data on business premises and persons who have implemented or maintain the software solution. The above information is submitted electronically by the taxpayer using the electronic service of the Tax Administration ePorezna with the beginning of the fiscalization obligation, and before the start of the invoice delivery.

### **In addition to Articles 18 and 19.**

These articles prescribe the procedure for fiscalization of data on the sale of goods or services through self-service devices. The peculiarity that arises in the case of self-service devices arises from the fact that they are generally not obliged to issue invoices. Therefore, it is not the elements of the invoice that are fiscalized here, but the sales data. For the purpose of implementing the procedure of fiscalization of sales through self-service devices, when the sale of goods or services is realized through turnover in final consumption, the fiscalization taxpayer is obliged:

- enable the use of software for electronic signing of sales messages and enable a connection (Internet) for electronic data exchange with the Fiscalization System
- submit to the Fiscalization System data on each self-service device in which turnover in final consumption will be realized, and
- fiscalize each sale at the time of sale by submitting sales data to the Fiscalization System.

### **In addition to Article 20.**

This Article prescribes that the person liable to fiscalize the invoice for which the tip has been received by third parties shall, along with the fiscalized invoice, submit the tip information to the Fiscalization System via the established electronic connection. In the proposed way, entrepreneurs who can usually receive tips in their business are given the opportunity to report the tip to the Fiscalization System. Only a reported tip in the manner prescribed by this Article in accordance with the regulations on income tax will be recognized as a non-taxable receipt up to the prescribed amounts.

#### **In addition to Article 21.**

In the event of interruption of the established electronic connection, it is prescribed that the fiscalization taxpayer issues invoices with the content prescribed by Article 7 of the Act. of the Act, without information about the Unique Account Identifier. A deadline is set (two working days counting from the day on which the connection was interrupted) within which the taxpayer is obliged to establish an electronic connection and submit all elements of the issued invoices, and the Fiscalization System will determine the Unique Account Identifier for all submitted invoice elements and deliver it to the taxpayer of invoice fiscalization as a confirmation of receipt of subsequently submitted invoice elements, all through a subsequently established electronic connection. In order for this to be only an exception in the business of the taxpayer of invoice fiscalization, paragraphs 4 and 5 emphasize the duty of the taxpayer of invoice fiscalization to ensure satisfactory software and hardware support.

#### **In addition to Article 22.**

This Article prescribes the manner in which the taxpayer of invoice fiscalization is obliged to act in the event of a complete cessation of the operation of the electronic invoicing device, and stipulates that in such a case it shall issue invoices that must be bound in the book of invoices certified by the Ministry of Finance, Tax Administration before starting work. In this case, the taxpayer of the fiscalization of the invoice is obliged to restore the operation of the device within five working days (counting from the day on which the electronic device for issuing invoices completely ceased to operate). Within the same deadline, the taxpayer of invoice fiscalization is obliged to submit all elements of the issued invoices via the established electronic connection. The Fiscalization System determines the Unique Account Identifier to all submitted invoice elements and submits it to the invoice fiscalization entity as a confirmation of receipt of the subsequently submitted invoice elements, and the invoice fiscalization taxpayer is obliged to add information on the received Unique Invoice Identifier on the issued copies of the invoice, bound in the invoice book, immediately upon receipt.

#### **In addition to Article 23.**

For areas where it is not possible to establish a connection for the exchange of data, the taxpayers of invoice fiscalization for that part of the activity will carry out the invoice fiscalization procedure by issuing invoices from the bound invoice book. However, they prove the fact of the impossibility of establishing a connection with a certificate from the Croatian Regulatory Agency for Network Industries, with a validity period of one year.

#### **In addition to Article 24.**

This Article prescribes that when issuing an invoice for the cancellation of an invoice, all provisions of this Act relating to the issuance of invoices shall apply.

#### **In addition to Article 25.**

This Article prescribes that the person liable to fiscalize the invoice is obliged to display a notice on the obligation to issue an invoice and the obligation of the buyer to take over and keep the issued invoice on the business premises on each electronic device for issuing invoices or other visible place.

#### **In addition to Article 26.**

This Article prescribes the obligation of the buyer and each recipient of the invoice to keep the issued invoice after leaving the business premises and to show the issued invoice at the request of an authorized person, an official of the Tax Administration and the Customs Administration.

#### **In addition to Article 27.**

This Article prescribes the obligation of the person liable to fiscalize the invoice who carries out the sales fiscalization procedure through self-service devices to display a notice on the fiscalization of sales on each self-service device.

#### **In addition to Article 28.**

This Article prescribes the manner of verification of invoices by citizens, by checking whether their account is registered in the Fiscalization System by querying the web service available on the Tax Administration's website. It also provides for the possibility that invoices issued in the cases referred to in Articles 22 and 23 of the Act. of the Act, buyers or recipients of invoices can submit to the competent branch of the Tax Administration for verification

#### **In addition to Article 29.**

This Article prescribes the obligation for the taxpayer to issue a document on which payment information is stated before issuing an invoice to write "THIS IS NOT A FISCAL INVOICE". This obligation is intended to make it easier for buyers, as recipients of invoices, to distinguish the issued invoice from other documents that are issued in the process of selling goods or services before the invoice is issued.

#### **In addition to Article 30.**

This Article prescribes the obligation to fiscalize the issuance of invoices for accompanying documents that contain payment information, and are issued before the invoice itself and that contain the inscription "THIS IS NOT A FISCALIZED INVOICE". Fiscalization taxpayers who decide or have a business need to issue such supporting documents (offers, pro forma invoices, etc.), which are issued when it is quite certain that the delivery of the product or the performance of the service will take place, which includes the document that is issued at the time when the delivery of the product or the performance of the service has already begun,



carry out the procedure of fiscalization of invoices. This means that the taxpayers subject to the fiscalization of invoices for accompanying documents (offers, pro forma invoices, etc.) will have to submit the elements of each such document to the Fiscalization System for verification through the already established electronic data interchange system. Document certification means the assignment of a Unique Account Identifier that fiscalization taxpayers must print when printing that document on the document itself, also with the printing of the security code of the invoice issuer. It is also prescribed that the taxpayer is obliged to enable the use of software for electronic signing of messages on the accompanying document and to provide a connection for electronic data exchange with the Fiscalization System.

### **In addition to Article 31.**

This Article prescribes that the person liable to fiscalize invoices is obliged to carry out the procedure of fiscalization of invoices when invoices are issued that are generated by turnover in final consumption, regardless of the fact that they have fiscalized the accompanying documents.

### **In addition to Articles 32 and 33.**

These articles prescribe the possibility of cash payments between the payers of the fiscalization of invoices. For the purposes of these articles, cash is considered to be payments in banknotes and coins. The possibility of paying in this way between participants is limited up to the amount of EUR 700.00 per account. It is also prescribed when taxpayers must deposit the collected money into accounts opened in banks. Prescribing provisions on the cashier's maximum are extremely important provisions that enable the successful implementation of enforcement proceedings.

### **In addition to Article 34.**

This Article prescribes that the Minister of Finance shall prescribe the implementation of the provisions of certain articles of this Act by means of an ordinance.

### **In addition to Article 35.**

This article refers to the subsidiary application of the Act on Electronic Invoicing in Public Procurement, especially from Part II "Electronic Invoice" and Part III "Treatment of eInvoices", because the cited Act comprehensively regulated eInvoices between entrepreneurs and the state in public procurement procedures. Further development of eInvoices between entrepreneurs is based on the same foundations and is further elaborated by the provisions of this Act. The provisions of Part Three of this Act shall not apply to supplies of goods or services resulting from the procurement and performance of contracts which have been declared secret or which must include special security measures in accordance with laws and regulations.

### **In addition to Article 36.**

This Article stipulates that an eInvoice is considered an authentic document to third parties, and that the authenticity of the origin, integrity of the content and legibility of the eInvoice should be ensured from the moment of issuance of the eInvoice until the end of the period for storing the eInvoice. The same is based on the VAT regulation, which stipulates that the authenticity of the origin, the integrity of the content and the legibility of the invoice must be ensured from the moment of issue until the end of the period for storing the invoice. The authenticity of the origin is ensured in such a way that the identity of the issuer of the invoice can be unambiguously established, and the integrity of the content implies that the content of the invoice has not been altered by the end of the invoice storage period.

### **In addition to Article 37.**

The retention period for eInvoices is identical to the period prescribed by the regulation governing accounting, which is 11 years and begins to run at the end of the business year to which the eInvoice relates.

### **In addition to Article 38.**

Each eInvoice must have elements from the EU standard 16931-1:2017. Croatian Technical Specifications, Technical Specifications for the Basic Use of eInvoices with Extensions approved by the European Committee for Standardization (CEN), which is a standard for the Electronic Invoicing Act in Public Procurement.

### **In addition to Article 39.**

It is prescribed that the issuance and receipt of eInvoices is carried out through access points (defined by law as a taxpayer or information intermediary who meets all technical conditions for the exchange of eInvoices and/or fiscalization and/or eReporting and/or metadata services). In addition to access points, eInvoices can be issued and received using other technologies and procedures if they meet the conditions prescribed by this Act.

According to the provisions of this Article, eInvoices can be exchanged using other technologies and procedures, such as:

- ERP systems that have built-in eInvoice exchange functionalities
- National platforms, such as the FINA Central Platform
- PEPPOL network
- Direct integration (EDI – Electronic Data Interchange) or EDIFACT

- Web services or API solutions – taxpayers can develop API solutions for direct data exchange
- Cloud solutions that can include web applications through which the functionality of eInvoice exchange can be performed
- and any other solutions in compliance with the provisions of this Act and ensuring the authenticity of the origin, integrity of content and legibility from issuance to the end of the period of retention of eInvoices in accordance with the VAT regulation.

Therefore, the way in which it will implement the development of eInvoices for the purposes of applying this Act is not limited to a specific legal solution, but allows for different solutions, provided that it is a structured form of eInvoice exchange.

### **In addition to Article 40.**

This Article prescribes the obligation to issue eInvoices for domestic transactions. The identification of the eInvoice issuer and its information intermediary is carried out through certificates issued by trust service providers/trusted trust providers in the Republic of Croatia with a mandatory OIB for identification when issuing the eInvoice.

### **In addition to Article 41.**

As there is already a practice in the business of taxpayers to make payment by card and cash for certain purchases of goods or services (for example, the purchase of fuel or the purchase of small materials), this article allows one exception to the issuance of eInvoices. Therefore, it is prescribed that for invoices that are collected in cash or by card and for which an invoice has been issued and the invoice fiscalization procedure has been carried out pursuant to Article 15 of this Act, the obligation to issue an e-Invoice and to carry out the eInvoice fiscalization procedure is not prescribed. In this way, the implementation of only one reporting system is ensured at the same time, in this case the fiscalization of invoices. However, in this case, the issuers of the invoice will have to upgrade the fiscalization of the message for the invoice with the OIB data of the recipient of the invoice.

### **In addition to Article 42.**

This Article excludes the liability of the eInvoice issuer for not issuing an eInvoice if there is no availability of information on the identifier of the recipient of the eInvoice. In such cases, as a consequence, such an invoice cannot be received because there is no recipient who has failed to submit the data to the AMS. In this case, the obligation to issue invoices shall be fulfilled by issuing invoices in paper form, and the data from the invoices shall be submitted to the eReporting system in accordance with Article 53 of this Act.

### **In addition to Article 43.**

The obligation to receive eInvoices is prescribed for defined recipients of eInvoices.

### **In addition to Article 44.**

This Article prescribes the obligation of the eInvoice issuer to link its products to the appropriate statistical classification. The mandatory classification of products is prescribed by the Classification of Products by Activities - CPA, the register of which is maintained by the Central Bureau of Statistics. The data on the item of the product (goods and services) from the eInvoice are obliged to be linked to the correct classification code. Although this is an additional obligation for e-Invoice issuers, it was necessary to prescribe it in order to achieve the goals of the new reporting system. Namely, this is usually a one-time obligation that must be fulfilled before the start of the mandatory issuance of eInvoices. Once established, the classification system changes only in the event of a change or the addition of new products (goods or services). The proposed classification is used on an extremely rational classification without requiring a detailed elaboration of the indication of goods or services, i.e. the classification consists of 6 digits, of which the first four indicate the National Classification of Activities, and the remaining two indicate the goods and services in question. This classification will be transferred to the Fiscalization System, which will ensure the monitoring of data for planning and development of economic policies, but also enable monitoring of the actual course of taxpayers' business, thus reducing the need to communicate with taxpayers in order to verify the credibility of a particular delivery and suspicion of possible fraudulent activities. In addition, the uniform classification of products enables simpler and faster communication between taxpayers in terms of mutual harmonization of accounting records and automatic linking of transport and storage documents with accompanying invoices.

### **In addition to Article 45.**

In the event that the information on the eInvoice that does not affect the tax calculation is corrected, the eInvoice is issued and sent to the recipient under the same number, and the previous eInvoice is considered cancelled. Corrected eInvoices subject to fiscalization of eInvoices are obliged to fiscalize immediately after sending and receiving them.

### **In addition to Article 46.**

This Article prescribes the use of AMS as a list of identifiers and associated metadata services of taxpayers, which enables the exchange of eInvoices in the business of taxpayers. The recipient of the eInvoice is obliged to have an identifier published in the AMS that can be used to find his address for receiving the eInvoice and is obliged to submit the information about the identifier to the Tax Administration via the access point through the MPS. The identifier information is published in the AMS after confirmation by the recipient of the eInvoice.

### **In addition to Article 47.**

This Article prescribes the manner in which the eInvoice issuer can find the recipient of the eInvoice. Before issuing an invoice, the eInvoice issuer sends an inquiry to AMS with the identifier of the eInvoice recipient and receives the location of the corresponding MPS that has information about the final address for receiving eInvoices. By querying the MPS with the identifier of the eInvoice recipient, the final location to which the eInvoice is sent is obtained.

### **In addition to Article 48.**

This provision regulates the manner in which a taxpayer may submit data on the identifier of business units to the Tax Administration through the electronic service of the Tax Administration ePorezna, if there are business reasons for doing so, i.e. operates with several business units that receive invoices independently, which will be published on the list of business entity identifiers that will serve as auxiliary records for finding individual business units.

### **In addition to Article 49.**

It prescribes the obligation that the issuer and recipient of the eInvoice must fiscalize each issued and received eInvoice.

## **In addition to Article 50.**

This Article prescribes the data that are extracted from the eInvoice for tax purposes and the achievement of other objectives of this Act and submitted to the Fiscalization System, i.e. the data for which the fiscalization of eInvoices is carried out. The Fiscalization 2.0 project has found solutions for the new reporting system in such a way that the reporting system is simultaneously implemented through one procedure that takes place in the business of taxpayers. Thus, through the obligation to issue eInvoices, a software solution will be provided that will extract data from eInvoices and send them through fiscalization of eInvoices to the Fiscalization System. Taxpayers will therefore not have an additional obligation to report on each transaction, but will be supported by software solutions in the process that is already taking place (which must take place in business), which is the issuance and receipt of eInvoices. The article exhaustively lists the data that will be submitted to the Fiscalization System. Based on the above data, the correct and timely fulfillment of tax obligations will be monitored, the need for additional communication with taxpayers in order to harmonize data will be reduced, and tax audits will be targeted in a targeted manner. Based on the data collected in the fiscalization of eInvoices, the Tax Administration will enable the availability of data for taxpayers through the FiskApplication, whereby the Fiscalization System now assumes the obligation to keep reports and records that have been submitted and/or kept by taxpayers so far. The availability of such data, which will now be provided by the FiskApplication, will make it easier for taxpayers to implement accounting and tax regulations and harmonize data between taxpayers, especially bearing in mind that taxpayers can independently decide who will have access to the said data on their behalf (the taxpayer himself and/or the accountant and/or tax advisor).

On the basis of the above, and on the basis of the subsequent harmonization of VAT and other tax regulations with the provisions of this Act, the obligation to keep the following forms/returns will be abolished or simplified:

1. abolition of the Report on Food Donations (DON-H),
2. abolition of the Book of Outgoing Invoices (I-RA),
3. abolition of the Special Records of Goods Sold to Buyers in Passenger Traffic (VAT-F),
4. Abolition of the Notification of Domestic Supplies with Reverse Charge (PPO),
5. Abolition of the Special Record of Received Invoices (U-RA)
6. simplification of the form of reports on business events with related parties (PD IPO),
7. abolition of the statistical form (RAD 1G) for small and medium-sized enterprises, and
8. abolition of the Summary Return (ZP) and Declaration for the Acquisition of Goods and Services Received from Other Member States of the European Union (VAT-S) forms at the

time of full harmonization of VAT regulations with the provision of the Council Directive amending Directive 2006/112/EC as regards VAT rules for the digital age

9. Simplification of other tax procedures such as the Specification of Unrelated Payments.

In addition, the Fiscalization System will enable taxpayers to view the pre-filled informative VAT return, which will significantly facilitate the implementation of tax accounting for taxpayers.

It is evident from the provision of paragraph 3 of this Article that this regulation does not set the deadline when the eInvoice must be issued, but clearly determines the deadline for the fiscalization of the eInvoice. Therefore, it is prescribed that the fiscalization of eInvoices is a procedure separate from the exchange of eInvoices, but the deadlines within which the fiscalization of eInvoices is carried out are clearly defined:

(a) at the time of issuing the e-invoice

b) in the case of self-issuance of invoices, no later than five working days after the eInvoice has been issued;

c) in the case of receipt of the invoice no later than five working days from the receipt of the eInvoice

Given the already existing practice and the necessity of proper monitoring of issued eInvoices, it is prescribed that certain provisions on the content of invoices prescribed for taxpayers of invoice fiscalization are applied when exchanging eInvoices.

### **In addition to Article 51.**

It is prescribed that if it is not possible to fiscalize an eInvoice due to technical reasons or interruption of Internet connections, the taxpayers are obliged to fiscalize the eInvoice no later than five working days, counting from the day on which it occurred. In order for such action to be only an exception, those obliged to apply eInvoice fiscalization are obliged to provide satisfactory software and hardware support for the exchange of eInvoices and eInvoice fiscalization.

### **In addition to Article 52.**

The issuer of eInvoices and recipients of eInvoices are obliged to carry out the eReporting procedure. In order to facilitate the implementation of this procedure as much as possible, as many as three ways of implementing the eReporting procedure have been provided. Taxpayers will decide independently, depending on the way they do business, which method is most favorable for them. It is to be expected that those taxpayers who will be more often obliged to carry out eReporting procedures will do the same as a software solution using either a web service or an information intermediary service. Taxpayers who will recognize that they have only an occasional obligation to carry out eReporting procedures in their business will probably decide to enter data through FiskApplication. The Fiscalization 2.0 project has developed several models so that this obligation is an exchange for the size of the business of each individual taxpayer.

### **In addition to Article 53.**

This provision prescribes the obligation for the issuer of eInvoices to submit data for deliveries for which it was not possible to issue an eInvoice within the meaning of Article 42 of this Act, but only in the case of recognized recipients of invoices – companies, craftsmen or freelancers. In these cases, the taxpayer of fiscalization of eInvoices shall submit the data prescribed by Article 50 of this Act to the Fiscalization System within the deadlines prescribed by the said Article. If the amounts are expressed in a foreign currency, the middle exchange rate of the Croatian National Bank on the day of the VAT obligation or the exchange rate published by the European Central Bank on the day of the VAT calculation obligation shall be used for conversion into euro.

### **In addition to Article 54.**

With this Article, the recipient of the eInvoice undertakes to submit information on the rejection of the eInvoice. As can be seen from the article, the provision does not prescribe a deadline within which an eInvoice must be rejected, but it does prescribe a deadline within which the information on an eInvoice that has been rejected must be submitted to the Fiscalization System. The recipient of the e-Invoice is obliged to submit to the Fiscalization System by the 20th day of the month for the previous month the data on the eInvoices for which the rejection was made in the previous month, namely the date of issue of the eInvoice, the number of the eInvoice, the OIB of the issuer and recipient of the eInvoice, the date of rejection and the reason for the rejection. For the purpose of carrying out other procedures that rely on the data of the Tax Administration, such as in disputes before commercial courts, the provision of the article clearly stipulates that for rejected eInvoices, it will be considered that the recipient of the eInvoice has submitted a statement that he will not exercise the right to input VAT. For the implementation of this part of eReporting, eInvoice recipients may choose the model that suits them best, as described in Article 52 of this Act.



### **In addition to Article 55.**

With this Article, the eInvoice issuer undertakes to submit data on the collection of eInvoices. It is prescribed that the issuer of eInvoices is obliged to submit to the Tax Administration by the 20th day of the month for the previous month information on the date of issue of the document, the number of the eInvoice, the OIB of the issuer and recipient of the eInvoice, the amount and method of payment and the date of collection. In this part of the eReporting procedure, it is also possible for obliged entities to choose the model that suits them best, as described in Article 52 of the Act. Law. Taxpayers who issue invoices are still obliged to keep collection data. Therefore, here again, according to the principle that a single procedure that must take place in the business of taxpayers (recording of collection) simultaneously fulfills the obligation of eReporting to the Tax Administration. Here it is to be expected that taxpayers who mainly issue eInvoices to eInvoice recipients in their business will adapt this component of eReporting as a software solution for fiscalization messages. Taxpayers who only occasionally have the need to issue eInvoices can use other models provided for the implementation of eBilling reporting. This part of the reporting system enables the abolition of the OPZ-STAT form, which will be implemented by harmonizing the provisions of the General Tax Act with this Act.

### **In addition to Article 56.**

This Article prescribes the MIKROeINVOICE application for issuing, receiving and storing eInvoices. It is a free application for which the Tax Administration assumes the obligation to maintain. This application will be available to the issuer and recipient of eInvoices who are not registered in the register of VAT payers according to the VAT regulation and who are not obliged to apply the regulations on electronic invoicing in public procurement. With this possibility of using the application, the costs of adapting to the application of this regulation for small taxpayers have been taken over, for whom the adjustment would not be compensated by the savings that are intended to be achieved from the digitalization of business through the application of eInvoices. This application enables the issuance, receipt and storage of eInvoices, as well as the fiscalization of received eInvoices and the submission of data on the rejection of eInvoices.

### **In addition to Articles 57 to 59.**

Article 57 prescribes who has the right to use the MIKROeRAČUN application as well as the conditions for its use. Namely, the Tax Administration will determine uniform conditions for the use of this application. Small taxpayers who decide to use this application also accept the general terms of use. Article 58 stipulates that the use of the MIKROeRAČUN application is free of charge. In addition, it is clear from paragraph 2 of the said article that in this case, the Tax Administration also assumes the obligation to maintain and archive eInvoices during the period in which invoices must be kept. In this way, the operating costs of small taxpayers are

further reduced. Article 59 regulates the procedure in the event that the taxpayer no longer meets the conditions for the use of the said application and what actions must be taken before switching to the issuance of eInvoices in the regular procedure. By providing the possibility of using the MIKROeRAČUN application to small taxpayers, the costs of adapting to the new reporting system are taken over, but the existing costs are also reduced, since the application will also take over the costs of invoice archiving obligations in the business of small taxpayers.

### **In addition to Articles 60 to 65.**

Although taxpayers can choose any appropriate method and technology for issuing eInvoices and fiscalization of eInvoices, it is to be expected that a large part of taxpayers will use the services of information intermediaries as access points. Therefore, the provisions of the Act pay special attention to information intermediaries as significant stakeholders in the implementation of the procedures prescribed by this Act, all in order to maximally ensure the security and protection of data exchanged through eInvoices and fiscalization of eInvoices.

Article 60 prescribes the provisions of principle on what the information intermediary is responsible for and what the taxpayer is responsible for in the application of this Act, as well as the obligation to conclude a contract of a private law nature between the taxpayer and the information intermediary. Article 61 prescribes the conditions for the provision of information intermediary services, which is a successfully conducted compliance test by obtaining a final report and registrations in the AMS. The Tax Administration will publish on the Public Portal the List of Information Intermediaries to which the Certificate of Compliance has been issued. The list will include the name of the information intermediary, its OIB and the scope of work it can perform. Article 62 prescribes that conformity testing for access points and information intermediaries is carried out through the Conformity Testing Portal, while Article 63 prescribes the documentation that must be submitted in the procedure for obtaining a certificate of conformity. The introductory part of the explanatory part of the non-normative part prescribes in detail the conditions for information intermediaries. Article 64 prescribes the deadlines within which the information intermediary must submit a new certificate, upon the expiry of the existing one. The consequence of failure to submit a valid certificate is deletion from the list of information intermediaries, of which the Tax Administration will inform the existing users of the information intermediary. Article 65 prescribes the obligation of the access point, which is not an information intermediary, to also perform compliance testing, but without the obligation to submit documentation beforehand, for the ability to issue and receive eInvoices and the communication of the MPS used by the information intermediary with the AMS of the Tax Administration.

### **In addition to Article 66.**

This Article prescribes the authority of the Minister of Finance to prescribe the implementation of the provisions of individual articles of this Act by means of an ordinance.

### **In addition to Article 67.**

Supervision over the implementation of Part Two of the Act is carried out by the Ministry of Finance, Tax and Customs Administration. Supervision over Part Three of this Act, except when it comes to cyber security, is carried out by the Tax Administration. According to this Act, information intermediaries must comply with the provisions on cyber security, which is verified by the competent authority in accordance with the regulation governing cyber security.

### **In addition to Article 68.**

This Article prescribes that, if it is established during the inspection that the fiscalization taxpayer does not carry out the fiscalization procedure of invoices pursuant to Article 15, paragraph 1, Article 18, paragraph 1 and Article 30, paragraph 1 of this Act, the taxpayer may be temporarily prohibited from performing the activity by sealing until the reasons for which the prohibition was imposed are removed, and no longer than eight days from the date of issuance of the decision.

### **In addition to Article 69.**

The Tax Administration will continuously improve, standardize and certify systems for fiscalization and management of fiscalization systems in accordance with the highest standards in the field of data protection. The Tax Administration's information system operates in accordance with the best international practices in the field of information technology standards related to information security, quality management and services, possessing appropriate certificates, and undertakes to maintain the current level of data protection quality in the future. The introductory non-normative part of the Act explains in detail the provisions on measures implemented by the Tax Administration in accordance with the Tax Administration Act in order to ensure the protection of information systems, data protection and access to data.

### **In addition to Article 70.**

It is proposed that those subject to the application of this Act have access to the FiskApplication in which they will be able to view the data from the fiscalization of invoices and fiscalization of eInvoices, insight into the statuses of eInvoices (received/charged/rejected) and other data from the Fiscalization System.

### **In addition to Article 71.**

It is prescribed that the provisions of the General Tax Act shall apply to conduct that is not regulated by the provisions of this Act, and which refers to the Tax Administration.

### **In addition to Article 72.**

This provision regulates that misdemeanor proceedings for violations of the provisions of this Act shall be conducted in the first instance by the competent misdemeanor body of the Tax Administration or the Customs Administration.

### **In addition to Articles 73 to 75.**

Misdemeanor provisions are prescribed, i.e. a description of the essence of the misdemeanor offense and fines as misdemeanor sanctions from this Act. Article 73 prescribes the most serious offences, Article 74 prescribes serious offences and Article 75 minor offences.

### **In addition to Article 76.**

After the entry into force of this Act, the Tax Administration shall enable taxpayers who have the right to use the MIKROeRAČUN application to accept the general terms and conditions of use of the said application.

### **In addition to Article 77.**

With regard to the termination of the Act on Fiscalization in Cash Transactions, this Article prescribes actions and acts that continue to be applied if they are not in conflict with the provisions of this Act.

### **In addition to Article 78.**

The deadline for the Minister of Finance to issue by-laws shall be prescribed.

### **In addition to Article 79.**

It is prescribed that the Law on Fiscalization in Cash Transactions ceases to be valid ("Official Gazette", no. 133/12, 115/16, 106/18, 121/19, 138/20, 114/23) and the accompanying Ordinance.

### **In addition to Article 80.**

This Article prescribes the entry into force of the Act.

It is stipulated that the Act shall enter into force on 1 September 2025. According to the aforementioned provision, the following provisions will enter into force on 1 September 2025:

- relating to the fiscalization of invoices in final consumption, and
- provisions that represent preparatory actions for the issuance and fiscalization of eInvoices, namely Articles 60 to 65, which enable preparatory actions for information intermediaries, and Articles 46 and 48, on the basis of which invoice recipients will be able to decide on their business model and report the necessary information to AMS.

Furthermore, it is prescribed that on 1 January 2026, the provisions relating to the issuance and fiscalization of eInvoices will enter into force. From 1 January 2027, taxpayers of income tax and corporate income tax that are not in the VAT system, as well as budgetary and non-budgetary users, are prescribed as issuers of eInvoices.