

Amendments to the Personal Income Tax Bylaw for non-taxable allowances, awards and receipts

On 28 September 2022 amendments to the Personal Income Tax Bylaw were published in the Official Gazette. The following is a brief overview of the amendments.

Personal Income Tax Bylaw

- Amendments to the amounts of non-taxable allowances, awards and receipts applicable from 1 October 2022:

Special Awards (Christmas bonus, vacation allowance etc.)	<ul style="list-style-type: none"> to HRK 5,000.00 (before HRK 3,000.00)
Severance for pension leave	<ul style="list-style-type: none"> to HRK 10,000.00 (before HRK 8,000.00)
A gift to a child up to 15 years of age (who turned 15 by 31 December of the current year)	<ul style="list-style-type: none"> to HRK 1,000.00 annually (before HRK 600.00)
Allowance for using a private car for business purposes	<ul style="list-style-type: none"> to HRK 3.00 per kilometer (before HRK 2.00 per kilometer)
Cash awards for employment results and other forms of additional employee rewards (additional salary, addition to monthly salary, etc.)	<ul style="list-style-type: none"> to HRK 7,500.00 annually (before HRK 5,000.00)
Flat-rate cash allowance to cover food expenses of employees	<ul style="list-style-type: none"> to HRK 6,000.00 annually (before HRK 5,000.00)

- Providing gifts, services free of charge to an employee up to **HRK 1,000.00** (previously HRK 600.00) per item **should not be subject to Personal Income Tax**

- Provisions applicable from 1 January 2023 for non-taxable allowances, awards and receipts:

- The employer is entitled to pay employees flat-rate cash allowances: to cover the costs of the employee's meals up to **HRK 500.00** per month (previously HRK 416.00) or up to **HRK 1,000.00 per month incurred during employment** based on trustworthy documentation
- Payments of flat-rate allowances to cover the costs of food for employees are mutually exclusive **at the level of the month**, not at the level of the tax period
- In case flat-rate allowances are paid/ meal expenses are settled for several months of the same tax period, they can be paid non-taxable in the total amount cumulatively for the number of months for which they are paid

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