



BUYING GUIDE

GENERAL INFORMATION

1. Arrange the viewing trip with Agency. You will be given our fee structure and representation contract in advance, as per Law.
2. An agent will try to negotiate prices and payment schedule. All prices are advertised as net amounts toward sellers (unless differently stated), so do not forget additional costs (agency and lawyers fees, stamp duty). Consult the agent about the buying option – as a private individual (not available to all nationalities) or via company route, depending on the future purpose of the property (residential or commercial).
3. Make the down payment (often 10% from the contracted amount) to put the property off the market. This reservation deposit is not refundable by Law. Pre-contract is often signed with deposit or in case of off-plan project; otherwise the main contract is signed. No occupation can take place before contract is signed and payment made in full. All legal aspects are performed by independent solicitor.

BUYING VIA COMPANY ROUTE

1. Foreign legal entity or natural person may establish a private limited company in Croatia. A company is a legal entity. Buying through the company may have its advantages. The status of a legal entity is acquired by being entered in a court register.
2. Authorized capital (HRK 20,000) equal to ca. 2,700 EUR must be paid in cash into a bank account, and the receipt of deposit should be enclosed when registering a company. Incorporating private limited company is a process that takes up to 14 days and involves your lawyer, notary public (fee of ca 700 EUR required) and Commerce court.
3. An accountant needs to be engaged in running the company during and after the buying process. It is an additional cost of ca. 100 EUR per month, but may vary depending on the quantity of job.
4. When the company buys the property, the contract is deposited at the local Court and is processed in order to obtain title deed. No capital gains tax applies to the companies. However, company (profit) tax is payable at 20% rate. Buying a company that already owns a property is not subject to a real estate transfer tax (stamp duty). Buying via company route is recommended if the property will be used in commercial purposes (renting) and if the vendor is a VAT registered developer (in case of which you could claim back VAT contained in the property price).

BUYING VIA PRIVATE ROUTE

1. As of February 2009 citizens of European Union can buy property in Croatia as private individuals the same as Croatian residents, without any additional administrative procedures.
2. Other foreign individuals need an approval from Croatian Ministry of Justice after the contracted price is paid. Until the approval is given (3-4 months), you will be allowed to enter into possession of the property. Approvals are given only to nationalities with which Croatia has established reciprocity in property purchase (ask the agent if your country is on the list). When the approval is granted, your contract deposited at the Court will be processed in order to obtain title deed.
3. If bought as a private person, no capital gains tax applied if sold later than 3 years from the date of purchase.

FEES AND TAXES ON THE TOP OF THE PRICE

1. Agency fee of 3%+VAT payable as defined in our representation agreement.
2. Solicitors fee of 1,5%+VAT (their charges are regulated by the Ministry of Justice), excluding notary public fees.
3. Stamp duty – real estate transfer tax (RETT) of 5% is paid by every buyer (domestic or foreign). Tax application is sent within 30 days from signing the sales / purchase contract and paid within 15 days from receiving the resolution from the Tax office.

RETT is charged on the full sales / buying value if the property is built: a) before January 1, 1998 or b) on sale by entity excluded of VAT system. RETT is charged only on the value of land / infrastructure (ca. 21% from the full sales / purchase value) if the property is built after January 1, 1998 and by the entity included in VAT system. In such case, amount of VAT (ca. 14% from the full sales / purchase value) can be refunded if the buyer is an entity within VAT system and the property is used for commercial purposes. Ask you agent for more information.

4. Utilities are paid monthly (or quarterly). Annual costs are around 600 EUR. Property management may be wise decision for handling the utilities, as well as insurance if you will not spend much time in the property.