

WHAT'S

HOT

AVRIO ADVOCATI
Managing legal risks in Europe and beyond.



WELCOME TO
OUR SECOND
EDITION OF
"WHAT'S
HOT"
FOR 2019.



**LATEST NEWS
FROM AVRIO**

SECOND EDITION 2019



Introduction from the Chairman

Welcome to our second edition of "What's Hot" for 2019.

Thanks to our members, once again we have rather packed issue of "What's Hot".

On top of the excellent contribution from our membership, the present issue of "What's Hot" will keep you up-to-date with some of the latest developments and practices within Avrio Advocati. Please read the following pages carefully so that you are fully informed on what's going on in Avrio Advocati – we have some important bits to share with you on our Social Media Strategy we expect you to be a part of; on our Avrio Exchange Program; on our business development plans and establishing New Membership Subcommittee; to remind you on somewhat changed format of our conferences and so much more.

All of us who attended Frankfurt conference enjoyed very much in the results of an excellent job our host Stephan Reimer and his team did in preparing Avrio Advocati Spring 2019 Conference – the ECB visit was an extraordinary pleasure and we also had a true privilege to have an impressive number of indeed excellent and high calibre speakers. In addition to all that, in the evenings we all very much enjoyed in gastronomy and hospitality of the cosmopolitan city of Frankfurt. Thank you for yet another time Stephan and Silvia for making us feel so welcome in your city!

As for the Autumn 2019, Christian Sarailis of Sarailis Avocats is preparing to show us the best Quebec City has to offer, along with the exceptional conference agenda – just to give you a tip before the official launching of our conference booklet: our key speaker will be Norman Bacal.

For some more remote future, we have chosen two amazing destinations as our 2020 conference destinations. I am positive you will love each one of them!

I have the pleasure to inform you that on our General Meeting in Frankfurt one more member was accepted: BONA FIDE LAW FIRM from North Macedonia. Welcome Bona Fide! You may read some more about the firm's profile on the pages that follow.

I would like to thank all of you who provided us with your contribution for this issue of "What's Hot". Again, I will use this opportunity to kindly ask our membership not to forget that "What's Hot" is "our" publication that presents work that we do as Avrio Advocati and as individual law firms. To do this successfully, we need your constant contribution in order to keep our publication useful and up-to-date. The same goes for our website and our social media outlets. So please, keep providing your content with us: news, stories, articles that you want to be published by Avrio Advocati. The content you will share with Avrio does not have to come from scratch- made especially for publishing on some of the Avrio Advocati outlets: on the contrary! We strongly encourage you to share with us the existing materials, already published on your websites or social media. You can send everything you want to be published to our General Secretariat at info@avrioadvocati.com.

I look forward to seeing many of you inb Quebec City in September.

Regards
Philip

FORTHCOMING CONFERENCES 2019 - SAVE THE DATES:



AUTUMN CONFERENCE 2019

Date: September 19 – 21
Location: Quebec City, Canada
Venue: Hotel Marriott Quebec City Downtown

FORTHCOMING CONFERENCES 2020 - SAVE THE DATES:

WE ARE PLEASED TO INFORM YOU THAT WE HAVE CHOSEN THE DESTINATIONS FOR OUR 2020 CONFERENCES.

OUR SPRING 2020 CONFERENCE

Will take place in **Zagreb, Croatia** and will be hosted by **Planinić, Šoljić and Partners**.



OUR AUTUMN 2020 CONFERENCE

Will take place in **Sidney, Australia** and will be hosted by **APA Law**.



SPRING CONFERENCE 2019, FRANKFURT, GERMANY,



We were all impressed with the intensity of the Frankfurt conference!

On Thursday evening we relaunched the practice of the MANAGING PARTNERS' FORUM. The Managing Partners' Forum is a place where managing and other senior partners of Avrio Advocati member firms can gather, share their experiences in managing their law firm and discuss various issues concerning law firm management. This first meeting's topic was "buying, selling or merging your own law firm". The forum was very well attended and we had a very open and fruitful discussion on the matter. Let's keep the good practice and continue in the same manner and in the coming conference.

As it is well known, Frankfurt is the European financial centre. The headquarters of the European Central Bank are in Frankfurt. Thanks to the very impressive work of our host, Mr. Stephan Reimer and his team, on Friday morning we had the guided tour through ECB, followed by a presentation from ECB officials who guided us through the legal aspects of central banking and banking supervision. After the short break needed for all of us to reach the conference venue, we continued the conference and had the privilege to be welcomed by Mr. Uwe Becker, the Deputy Mayor of Frankfurt. The next on the list of very impressive speakers was Mr. Felix Bergmeister, judge of the District Court of Frankfurt and after that we all very much enjoyed the presentation of Mr. Paolo Corradino, ECB Deputy General Manager of Legal Department and subsequent discussion. The second part of the afternoon session was dedicated to the presentation of the consuls generals of Argentina, Bosnia and Herzegovina, Colombia, Chile, India, Indonesia and Thailand who presented us the legal system and investment opportunities in their respective countries.

Saturday was reserved for our Avrio Advocati internal matters and getting to know better each of the Avrio Advocati fellow members.

The first novelty we initiated as of this conference is a part of getting-to-know-your-fellow-member-better process: work in the Legal Sector Focus Groups. The conference delegates were divided into Legal Sector Focus groups for a "show and tell" session on getting to know what kind of work we are all doing. The agenda of the session within each group meetings was rather informal - delegates explaining to the rest of the group the work they do, whether there are interesting matters or cases they are involved in, and whether there are any legal and commercial developments in their jurisdictions that the rest of the group would benefit from hearing about. Another novelty we initiated is also part of getting-to-know-your-fellow-member-better process: at this and each subsequent conference we will give three member firms the opportunity to remind members of what they do by making a five minute presentation on their firms. At this conference, we got the opportunity to get to know better: our Austrian member firm BLS Rechtsanwälte Boller Langhammer Schubert GmbH thanks to the presentation of Mr. Thomas Boller; our American member firm Leech Tishman thanks to the presentation of Mr. Bruce Bowden and our Chilean member firm Urquidi Abogados that was presented by Mr. Juan Carlos Urquidi Fell.




I have the pleasure to remind you that we are in the process of intensifying the implementation of our Social Media Strategy for 2019.

We invite you to follow us on Twitter, Instagram and LinkedIn:

- Twitter: @Avrio_Advocati**
- Instagram: @avrioadvocati**
- LinkedIn: Avrio Advocati**

The well-thought use of social media networks is nowadays a substantial part of every marketing strategy. The main objective of the social media expansion for Avrio Advocati would be to offer a marketing platform for our members and at the same time to increase business' visibility of Avrio Advocati and its member firms, to attract clients for our members and to help us grow and attract new members.

Therefore, your contribution is essential for the successful implementation of the aforesaid strategy and for the realization of the objectives set therein for our mutual benefit: we need all of our members to share their content with us, or when needed to produce the content for our website and social media networks. As an initial step in our road to success, we are inviting for yet another time those of you who still haven't designated a person from your firm that would act as a social media contact. At the same time, I would like to thank those of you who have already delegated social media contacts on behalf of your firms.

As explained earlier, it is our intention to produce the Social Media Posting Plan once we have the response from a significant amount of our members. It is our expectation that each member could commit to produce the content for at least two social media postings per year - it is our hope that each point of contact agrees on behalf of her/his firm to produce 2 articles per year, or to share some news related to the firm at least twice a year in certain time intervals. This should not be burdening for our members and will enable us to have a constant flow of useful information on our social networks and website.

We strongly encourage you to share your content with us!



AVRIO ADVOCATI EXCHANGE PROGRAM

A platform for gaining professional experience worldwide!

The Avrio Advocati Exchange Program has been launched back in 2017.

The programme is envisaged as an exchange of lawyers among Avrio Advocati member firms in various jurisdictions. It can include young lawyers, but it most certainly is not limited only to them – more experienced lawyers can also hugely benefit from the exchange experience. It is also very important to point out that in the Avrio Advocati legal network the secondment does not have to mean straight exchange – on the contrary! Our legal network has great flexibility in matters of an exchange program!

Apart from all this, there is also a subsidy that we are paying to the sending firm that will be responsible of paying expenses of the seconded lawyer.

For further information contact Avrio Advocati Director Ms. Vesna Gorjup Zupancic at vesna@gorjup.net or our General Secretariat at info@avrioadvocati.com



LATEST DEVELOPMENTS IN AVRIO ADVOCATI ESTABLISHING NEW MEMBERSHIP SUB-COMMITTEE

At the last Avrio Advocati Board Meeting it has been decided to form the New Membership Sub-Committee, consisting of John Clarke as the Chair, and Bruce Bowden, Vesna Gorjup, Uros Djordjevic and Christian Sarailis as members.

This sub-committee will consider ways of approaching and attracting new firms into the network. The consideration of the potential member firms will be judged on case by case basis – firms should not be disregarded just because there is an existing firm in the jurisdiction from which the potential candidate is based, but on the basis of whether the firm is complementary to the existing network, is committed to the group and has the ability to refer work around the network.

Existing members are encouraged to suggest possible candidate law firms. Apart from contributing positively to the competitiveness of our association, this should also lead to the increase of our meetings attendance rates and will provide a proper succession plan for the future.

NEW AVRIO ADVOCATI MEMBER FIRM

We have a pleasure to inform you that on our General Meeting in Frankfurt new member has been accepted. Below is very the informative presentation of our new member firm from North Macedonia.

Once again, welcome Bona Fide!

BONA B FIDE

PROFILE

BONA FIDE Law Firm is one of the leading and fastest growing law firms in the Republic of North Macedonia, specialized in civil and corporate law, which provides legal expertise and representation for the purposes and benefit of numerous corporate and individual clients. Our services include representation before court and administrative procedures, preparation of legal documentation, legal consultancy, analysis, legal services related to employment issues, merger and acquisitions, preparation of legal due diligence reports, reviewing of contracts, creation of trade companies, share transfers procedures, competition, telecommunication, real estate and construction, debt collection, regulatory and others, providing legal services for both domestic and international clients. The in-depth professional excellence, esprit de corps, creative energy and the existing indefatigable motivation for further personal and organizational advancement in law practice, bring our law office quality of an efficient and reliable choice for our current and future clients. By offering highest level of personal attention to each of our clients and acting in their best interest in accordance with the professional standards, we achieve high level of satisfaction at our clients and permanent growth of our professional portfolio.

SERVICES

The law firm BONA FIDE Skopje provides the following legal services:

- Representation before judicial and administrative proceedings;
- Preparation and revision of agreements and other legal acts - in Macedonian and English;
- Preparation of all documents required for establishment and transformation of business entities;
- Representation in collection of receivables/ payment orders;
- Representation, written and oral legal advices in the area of labor law including drafting Labor documents regarding establishing or termination of employment relation, rulebooks for labour relation, systematization, whistleblowing and disciplinary procedure, employment disputes resolution, data protection and privacy;
- Representation, written and oral legal advices in various legal areas with the aim to help our clients to identify regulatory risks, to achieve compliance in a commercial manner, to avoid negative publicity and any penalty arising due to non-compliance.
- Preparation of legal analysis and legal opinions related to issues referring to the Macedonian legal system and European regulations;
- Representation of applicants before the European Court of Human Rights;
- Corporate and M & A, Banking and Finance, Competition Law, Compliances
- Performing other legal actions for the needs of clients.

BONA **B** FIDE

TEAM QUALIFICATION AND RESUMES

The current team of our legal office is consisted of 4 (four) partners and 4 (four) lawyers. Apart from the completed law university education and passed BAR exam, all members of the team have additional training and education on the law-related issues, through which have obtained applicative knowledge, experience and skills in order effectively to act as legal representative of corporate and individual clients.

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NEWS FROM ŽIVKOVIĆ SAMARDŽIĆ SERBIA

ŽIVKOVIĆ | SAMARDŽIĆ

There's been a lot of good stuff going on in one of the Serbian leading law firms, Živković Samardžić.

The firm has won the 2018 Deal of the Year Award for Serbia for its work on Belgrade Airport privatization. Organized by the renowned CEE Legal Matters Magazine this is the second year that these awards were held and they are a way of recognizing the biggest and most important deals by leading firms in Central and Eastern European jurisdictions. A two-tiered panel of leading lawyers from across the region selected winners for 17 different CEE jurisdictions. The prestigious accolade was awarded on March 28, 2019 at the CEE Legal Matter Deal of the Year Banquet in Budapest. Before an audience of over 90 senior legal professionals from across Europe, Igor Živkovski, Živković Samardžić Corporate & MA Partner, accepted the award on behalf of the firm.

In the period elapsed from the last "What's Hot" issue, the firm has won some rather important court cases for their clients.

Kruna Savović, Živković Samardžić Technology, Media and Telecommunications Partner and a Head of Media Litigation, led the Živković Samardžić team that has achieved one more victory for Crime and Corruption Reporting Network (KRIK) and its editor in chief. KRIK is a non-profit organization established to improve the investigative journalism in Serbia. Živković Samardžić, one of the Serbia's market leaders in media law and defamation successfully represented KRIK and its editor in chief and secured a victory at the Court of Appeal in Belgrade against the tabloid "Informer". Similar to it, in the recent past, a victory has been secured for the same client against Mr. Nikola Popovic, sitting minister in the Government.

Živković Samardžić's dispute resolution team secured a Commercial Appellate Court victory for Vlade Divac, a professional basketball executive and retired NBA player, currently serving as the vice president of basketball operations and general manager of the Sacramento Kings, in one of the series of cases instituted against Divac by Vojin Djordjevic, Serbian businessman and former owner of a water bottling plant, where Mr. Djordjevic claimed more than EUR 10 million compensation for the shares in the plant.

The past period has been marked with some of the most innovative deals and business models where the firm took an active part. Živković Samardžić has advised the South Central Ventures (SCV) on its investment in LeanPay, a consumer financing Fintech start-up that helps people pay for consumer goods on credit/in instalments. LeanPay is focused on reinventing Point-of-Sale financing by providing instant and easy instalment plans in all sales channels. With offices in Belgrade, Zagreb and Skopje, SCV, through Enterprise Innovation Fund (ENIF), is focused on tech companies in Balkans. The EUR 40 million fund is dedicated primarily to early stage and growth investments up to EUR 100,000 per company. The majority of the fund is allocated for early stage and growth investments of up to EUR 3 million per company. These investment are intended to fuel the international business expansion and growth of the most promising tech start-ups that can show traction and prove their potential to "make it big".

As for the important legislative changes for Serbia, we would like to underline that on April 25, 2019 the new Law on Conversion of Housing Loans indexed in Swiss francs – CHF has been adopted. This law regulates mutual rights and obligations between banks and client - a natural person/individual that concluded a contract with the bank regarding a housing loan indexed in CHF to be converted into a loan indexed in EUR. The conversion rate is set by the law as the middle exchange rate of CHF to EUR calculated on the basis of the official middle exchange rates of the National Bank of Serbia dinar to EUR and dinar to CHF valid on the conversion date (the date of conversion agreement). The law establishes a reduction rate of 38% in relation to the amount obtained by the conversion (the burden of the rate shared by the participating banks and the Government).

Kruna Savovic, Partner in Živković Samardžić contributed to the publication: Indicators on the level of media freedom and journalists' safety 2019, which was issued in the framework Western Balkan's Regional Platform for Advocating Media Freedom and Journalists' Safety. Regional Platform for Advocating Media Freedom and Journalists' Safety is a network of journalists associations and media trade unions in Western Balkans countries established in January 2016 with the financial support of the European Union and within the EU Support to Regional Thematic Networks of Civil Society Organizations Program.

You can read all the above and so much more on <http://www.zslaw.rs/category/news/>



How the transposition of a directive may have an unexpected on the market?

On 06.06.2019 in the National Assembly of the Republic of Bulgaria the Council of Ministers submitted a project on a new Law on Trademarks and Geographical Indications (the law). In June, the draft legislation was adopted at first reading in the parliamentary committees and by the National Assembly, despite the expressed negative opinion of a part of the committee members and the negative statements, submitted by representatives of the professional community – a part of which are the professionals from Manev and Partners Law Firm, the Supreme Administrative Court of Republic of Bulgaria, as well as representatives of the business in the face of employers' organizations.

The main purpose of the project is to transpose the provisions of the Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks. However, the project also includes norms which are not related to the transposition of the Directive but are described in its reasons as proposals for amendment resulting from the legal practice and the European regulation in force (currently Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark).

Most of the proposals in this second group are aimed at improving the legal protection of trade-marks and in the opinion of the professionals from Manev and Partners Law Firm they deserve admiration.

However, there are provisions in the second group of proposals which would lead to the exact opposite effect – a serious violation of the constitutional right to legal protection of the rights of applicants or trade mark owners to such an extent, that the right to protection can not be exercised at all. In general, these legislative proposals are:

- introducing an absolute time limit for proving facts in the administrative proceedings before the Bulgarian Patent Office (BPO);
- abolition or correction of existing norms in the current law, which were to ensure the inquisitorial proceedings;
- introduction of restrictions on the submission of new evidence in proceedings in first instance before the administrative court.

These proposed texts are inconsistent with the basic principles of the administrative process in which is established the inquisitorial legal system – the objective truth is supposed to be established through the active behavior of the decisive authority. Turning them into existing norms would constitute a legal basis for issuing unlawful acts by the BPO and also would lead to the impossibility to establish this illegality by court order.

UPDATE FROM CYPRUS ON INTERNATIONAL BUSINESS AND RELOCATION TRENDS

Over the last few years, major changes have been effected in the taxation regime relating to companies registered in Cyprus owned by non-resident businessmen in order to comply with European Directives and Regulations implemented in Cyprus as well as the OECD Action Plan which addresses structures set up purely for tax advantages but which are not supported by sound commercial reasoning.

Within the above context, substance requirements have been implemented in Cyprus which prevent companies being established in Cyprus except if their activities and credible commercial reasons are the basis for such establishment. The above actions have also affected the implementation of Double Tax Treaties most of which have been amended in order to prevent abuse.

The key factors contributing to the development of Cyprus as an international business base remain:

- It's strategic geographic location
- A favorable tax package with one of the lowest corporate tax rates in Europe
- A well developed double tax treaty network
- Legal system and legislation based on English Law
- The existence of an efficient, high level professional services sector

1. Some basic points relating to the implementation of DTTs:

- Beneficial owner of income must be identified and only then will benefits of the DTT be applied
- Tax residency determination is now subject to far stricter criteria and there should not be a risk of improper use of Convention or inappropriate implementation of domestic law of either State

• Limitations of Benefits

The principal purpose test is being applied having regard to all facts and circumstances of each case meaning that if a company has been registered with the principal purpose of taking advantage of the lower corporate tax rate applicable in Cyprus of 12.5% on net profits annually, then the application of the DTT may be challenged. For this reason the substance issue explained below has now become very important.

- Commercial/Business reasoning must be sound

2. Substance/Tax residency

Substance rules have been tightened in order to ensure treaty benefits are not denied. Physical substance with offices, employees, bank accounts in Cyprus Banks and websites operated from Cyprus is the new normal in Cyprus now. These criteria are in addition to those already in place up until now such as:

- Majority of Directors must be tax residents of Cyprus
- All basic strategic decisions taken by the Board of Directors' meeting in Cyprus
- All accounting records maintained in Cyprus
- Banking should be conducted in Cyprus

Furthermore:

- The Directors must be suitably qualified and cannot be Directors in numerous companies
- There is zero tolerance by the Tax Authorities as well as the Banks for brass plate and/or shell companies which are now almost eliminated, liquidated and/or have disappeared

- Office space in Cyprus is in high demand as new incentives providing a cost efficient, safe and high calibre lifestyle for high level management, beneficial owners and their families have given rise to many companies moving their physical offices to Cyprus
- Cyprus is no longer simply providing a base for holding companies but has radically transformed into an international business center with hundreds of multinationals having relocated to Cyprus with fully fledged offices and hundreds of employees including high level management being moved to settle with their families in Cyprus.

3. Introduction of the “non-domiciled concept” for defence tax purposes

Together with the influx of substantial multinational companies establishing offices in Cyprus, legislation has also been passed specifically to provide for foreign nationals relocating to Cyprus. This is connected to the trend recently for High Net Worth Individuals (“HNWIs”) to relocate to Cyprus.

Current rules

- Defence tax is payable only by individuals who are considered to be tax residents of Cyprus (as defined in the income tax laws), which effectively means an individual who physically spends at least 184 days in Cyprus in any tax year
- Defence tax is payable on dividends, interest and rental income earned by a Cyprus resident individual from sources both within Cyprus and outside Cyprus
- Non-domiciled concept
- The law has been amended, so that individuals who are not considered to be “domiciled” in Cyprus would be exempt from payment of defence tax on dividends, interest and rents, even if they are considered to be tax residents of Cyprus
- An individual can be considered as domiciled in Cyprus either (i) by domicile of origin or (ii) by domicile of choice, as defined by the Wills and Succession Law of Cyprus (further information available on request)
- Individuals whose domicile of origin is in a country other than Cyprus, but who are considered tax residents of Cyprus, will not be subject to defence tax in Cyprus (subject to the time limitation in the following paragraph)
- An individual, who during at least 17 out of the last 20 tax years has been a tax resident of Cyprus (applies in the case of individuals both domiciled and non-domiciled in Cyprus), will be considered as domiciled in Cyprus and become liable to defence tax as from the 18th year onwards

Who can use this incentive

This incentive can be used by the following individuals:

- An individual who has his domicile of origin in a country other than Cyprus provided he has not been tax resident of Cyprus for 17 out of the last 20 years
- An individual who has his domicile of origin in Cyprus and has not obtained a domicile of choice in another country provided he has not been a tax resident of Cyprus during the last 20 years before this law came into effect and subsequently he becomes tax resident of Cyprus
- An individual who had his domicile of origin in Cyprus, but has obtained a domicile of choice in another country and has not been a tax resident of Cyprus during the 20 years before he becomes tax resident of Cyprus

Therefore, in conclusion this new non-dom regime ensures a seventeen year tax concession for all foreigners who relocate to Cyprus, on all their worldwide income. It should be clarified that businessmen moving their companies to Cyprus and who are employed by these companies in Cyprus, will be paying income tax for employment income in Cyprus but only at half the rate applicable to locals. This, together with a safe and high standard of living both for staff as well as family, has been attracting quite a few foreigners to Cyprus.

4. Tax residence rules amended

Instead of the normal 183 days, for one to be considered a tax resident in Cyprus, 60 days residence in Cyprus is sufficient provided such person:

- Does not reside in any other country for a time period of more than 183 days(aggregate) and
- Is not a tax resident in any other country and
- Resides in Cyprus for at least 60 days and
- Has various other Cyprus ties such as for example :
 - contract of employment
 - he is a business owner
 - he is a director of a Cyprus tax resident company

The above must take place in a tax year but in case of termination of employment during the tax year it will not be implemented. In addition, the individual must maintain a residential property during the tax year which is either owned or rented.

Other

Income exemption for employment in Cyprus

An individual with annual remuneration of more than €100.000 and who was not a tax resident in Cyprus before the employment, is entitled to 50% tax deduction on his income. This deduction refers to income deriving from Cyprus and the rule is valid for a period of 10 years starting on the day of his employment.

Exemptions on income from employment out of Cyprus

An individual who is employed outside of Cyprus, with a foreign permanent establishment of a Cyprus tax resident employer, for more than 90 days aggregate in a tax year, is exempted from income tax.

How the 60 days count

For both the 60 and 183 days rules, the days which count in and out of Cyprus territory are as follows:

- The day of departure from Cyprus counts as a day of residence outside Cyprus
- The day of arrival in Cyprus counts as a day of residence
- Same day arrival and departure from Cyprus counts as a day of residence in Cyprus

For any further information and clarifications, please send your questions to our Firm and we will be very glad to assist.

Nairy Merheje

Lawyer/Founder

DER ARAKELIAN-MERHEJE LLC

31st July 2019

PLANINIĆ, ŠOLJIĆ & PARTNERS



UPDATE CROATIA - Incentive measures for investment projects

Incentive measures for investment projects in the Republic of Croatia are regulated by the Act on Investment Promotion (OG, No. 102/15, 25/18, 114/18) and pertain to investment projects in:

- manufacturing and processing activities,
- development and innovation activities,
- business support activities,
- high added value services.

Incentive measures can be used by enterprises registered in the Republic of Croatia investing in fixed assets the minimum amount of:

- € 50,000 together with creating at least 3 new jobs for microenterprises
- € 150,000 together with creating at least 5 new jobs for small, medium and large enterprises
- € 50,000 together with creating at least 10 new jobs for ICT system and software development centers

The amount of aid shall be calculated as a percentage of investment value, which is determined on the basis of eligible investment cost. Eligible investment costs are:

- tangible (value of land/buildings and plant/machinery) and intangible assets (patent rights, licences, know-how), or
- gross wage calculated over a period of two years

The minimum period for maintaining the investment and newly created jobs linked to investment is five years for large enterprises, and three years for small and medium-sized enterprises, but no less than the period of use of the incentive measures.

PROFIT TAX INCENTIVES

INVESTMENT AMOUNT	NUMBER OF NEWLY EMPLOYED	YEARS OF EMPLOYMENT	PROFIT TAX RATE REDUCTION	PERIOD (YEARS)
0,15 -1 (>0,05 for micro and ICT system and software development centers)	5 (3 for micro, 10 for ICT system and software development centers)	3 (SME's), 5 (large)	50%	10 (5 for micro)
1-3	10	3 (SME's), 5 (large)	75%	10
>3	15	3 (SME's), 5 (large)	100%	10

EMPLOYMENTS INCENTIVES

COUNTY UNEMPLOYMENT RATE	INCENTIVE RATE IN RELATION TO ELIGIBLE COSTS OF JOBS CREATION	INCREASE FOR DEVELOPMENT AND INNOVATION ACTIVITIES**	INCREASE FOR BUSINESS SUPPORT ACTIVITIES*** AND HIGH ADDED VALUE ACTIVITIES****
<10%	10% (max. 3,000 €)*	+50% (1,500 €)*	+25% (750 €)*
	4% (max. 1,200 €)	+50% (600 €)	+25% (300 €)
10-20%	20% (max. 6,000 €)*	+50% (3,000 €)*	+25% (1,500 €)*
	8% (max. 2,400 €)	+50% (1,200)	+25% (600 €)
>20%	30% (max. 9,000 €)*	+50% (4,500 €)*	+25% (2,250 €)*
	12% (max. 3,600 €)	+50% (1,800)	+25% (900 €)

INCENTIVE MEASURES FOR INVESTMENT PROJECTS THROUGH ECONOMIC ACTIVATION OF INACTIVE PROPERTY OWNED BY THE REPUBLIC OF CROATIA

INVESTMENT AMOUNT (€ MIL.)	NEWLY EMPLOYED	OBLIGATORY INVESTMENT INTO INACTIVE PROPERTY GRANTED FOR LEASE	INCENTIVE	PROCEDURE FOR GETTING THE LEASE
3	15	50% increase in the value of the property within 3 years in relation to the estimated value of the inactive property at the time of starting the lease	free lease of inactive property for up to 10 years* from the start of the investment	for investment located in lower developed local self-government units (I-IV) – without any additional preconditions for investment located in higher developed local self-government units (V-VIII) – after three rounds of public tender for sale of inactive property

According to the procedure for applying for incentive measures under the Act on Investment Promotion (NN 102/15, 25/18, 114/18) an enterprise intending to acquire the status of a beneficiary of incentive measures must file an Application for the use of incentives using the prescribed forms either to the Ministry of Economy, Entrepreneurship and Crafts before the beginning of the investment.

PARTICIPATE IN THE GAME WIN THE PRIZE

Thanks to Guy Rulkin (Redsky Legal, Belgium) and his excellent idea in January 2019 we launched a funny new game for our members. Please find here a reminder on the rules of the game and motivation behind it:

As it is commonly known, we encourage all of our members to have as much of face to face meetings with each other as possible, not only during the conferences but through the rest of the year. This is the best way to further build and deepen personal and professional relationship among our members.

Therefore we invite all of our members to capture the moment of meeting with other Avrio Advocati members by taking the photo (preferably but not necessarily with a glass, or even a cup/mug in their hands) and e mail it to our General Secretariat at info@avrioadvocati.com throughout the year, until 10th of December 2019.



At the same time, we invite all of our members to send to the same e mail address and within the same time frame their estimate on how much face-to-face photos we are going to receive until the game closing date. The one member that is the closest to the exact number of photos received will be the lucky winner of the attractive prize we prepared (but we decided to still keep it a secret!). The winner will be announced in our January 2020 issue of "What's Hot" and the prize handed over at our Spring 2020 Conference.

Let's play!!!!