



Croatia Country Monograph

By: Live and Invest Overseas Editors

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National name: *Republika Hrvatska/Republic of Croatia*

Area: 56,538 square kilometers/21,829 square miles

Capital: Zagreb

Major towns/cities: Osijek, Split, Dubrovnik, Rijeka, Zadar, Pula

Major ports: chief port: Rijeka (Fiume); other ports: Zadar, Sibenik, Split, Dubrovnik

Physical features: Adriatic coastline with large islands; very mountainous, with part of the Karst region and the Julian and Styrian Alps; some marshland

Government

Head of state: Ivo Josipovic since 2010

Head of government: Jadranko Kosor since 2009

Political system: emergent democracy

Political executive: limited presidency

Administrative divisions: 21 counties

Political parties: Croatian Democratic Congress of Slavonia and Baranja or HDSSB [Vladimir Sislajic]; Croatian Democratic Union or HDZ [Jadranko Kosor]; Croatian Party of the Right or HSP [Anto Djapic]; Croatian Peasant Party or HSS [Josip Friscic]; Croatian Pensioner Party or HSU [Silvano Hrelja]; Croatian People's Party or HNS [Radimir Cacic]; Croatian Social Liberal Party or HSLN [Darinko Kosor]; Independent Democratic Serb Party or SDSS [Vojislav Stanimirovic]; Istrian Democratic Assembly or IDS [Ivan Jakovic]; Social Democratic Party of Croatia or SDP [Zoran Milanovic]

Armed forces: 51,000, plus paramilitary forces of 10,000

Conscription: compulsory for six months

Death penalty: abolished in 1990

Defense expenditure (% GDP): 2.39 (2005)

Education expenditure (% GDP): 3.9 (2004)



Economy and resources

Currency: kuna

GDP (US\$): 78.52 billion (2010)

Real GDP growth: -1.4% (2010)

GNI per capita (PPP) (US\$): 17,500 (2010)

Consumer price inflation: 1.3% (2010)

Unemployment: 17.6% (2010)

Foreign debt (US\$): 9.97 billion (2010)

Major trading partners: Germany, Italy, Slovenia, Austria, China, Russia

Resources: petroleum, natural gas, coal, lignite, bauxite, iron ore, salt

Industries: food processing, textiles and footwear, chemicals, ship-building, metal processing, pharmaceuticals, construction materials

Exports: machinery and transport equipment, chemicals, foodstuffs, miscellaneous manufactured items (mainly clothing). Principal market: Italy 19.1% (2009)

Imports: machinery and transport equipment, basic manufactures, mineral fuels, miscellaneous manufactured articles. Principal source: Italy 15.46% (2009)

Arable land: 25.82%

Agricultural products: wheat, maize, potatoes, grapes, apples, plums, sugar beet; livestock rearing (cattle and pigs); dairy products

Climate

Croatia enjoys four distinct seasons. Because of the country's greatly elongated shape, temperatures vary noticeably between the south of the country (around Split) and the north (around Zagreb). In Split, temperatures rarely reach freezing in winter and can climb as high as 90 degrees Fahrenheit in summer. In Zagreb, winter is colder, and freezing temperatures are not uncommon;



temperatures in summer in this part of the country rarely top 80 degrees.

Month	Mean Temperature °C		Mean Total Rainfall (mm)	Mean Number of Rain Days
	Daily Minimum	Daily Maximum		
Jan	-4.0	3.1	48.6	10.8
Feb	-2.5	6.1	41.9	10.0
Mar	0.9	11.3	51.6	11.2
Apr	4.9	16.4	61.5	12.7
May	9.2	21.3	78.8	13.2
Jun	12.7	24.6	99.3	13.6
Jul	14.2	26.7	81.0	10.9
Aug	13.7	26.2	90.5	10.4
Sep	10.4	22.3	82.7	9.8
Oct	5.8	16.2	71.6	10.2
Nov	1.8	9.3	84.8	12.2
Dec	-1.9	4.4	63.8	12.1

Zagreb climatological information

Population and society

Population: 4,483,804 (2011)

Population growth rate: -0.076% (2011)

Urban population (% of total): 58 (2010)

Age distribution (% of total population): 0–14 15.1%, 15–64 68.1%, 64+ 16.9% (2011)

Ethnic groups: Croat 89.6%, Serb 4,5%, other 5.9% (including Bosniak, Hungarian, Slovene, Czech, and Roma)

Languages: Croatian (official), Serbian

Religions: Roman Catholic (Croats) 87.8%; Orthodox Christian (Serbs) 4.4%, Protestant 0.4%, Muslim 1.3%

Education (compulsory years): 8



Literacy rate: 99.3% (men); 97.1% (women)

Labor force: 5% agriculture, 31.3% industry, 63.6% services

Life expectancy: 72.1 (men); 79.6 (women)

Child mortality rate (under 1, per 1,000 live births): 6.1 (2011)

Internet users (per 10,000 people): 2.234 million (2009)

Infrastructure

Airports: 69

Railways total length: 2,722 kilometers

Roads (total road network): 29,248 kilometers

Croatia is serviced by four international airports, two in the south (at Dubrovnik and Split) and two in the north (at Pula and Zagreb). The country's national airline is Croatia Airlines.

In addition to a long coast, Croatia also boasts myriad islands, meaning the best way to get around some regions can be by ferry. Ferries travel often and regularly among many of the islands, and fares are very low. The best way to travel the mainland is by bus. Buses depart around the clock and travel from one end all the way to the other, including the most remote regions. They're modern and comfortable, with televisions and air-conditioning, and are very cheap. Domestic flights can be expensive considering the short distances you fly; trains are also an option, but less efficient and more expensive than the buses.

Practical information

Visa requirements: visa not required

Embassy in the U.S.: 2343 Massachusetts Avenue NW,
Washington DC 20008; tel. (202) 588 5899

American embassy: 2 Thomas Jefferson Street, 10010 Zagreb; tel.
(385) 1661-2400

Chamber of commerce: Croatian Chamber of Commerce, Trg.
Ruzveltov 2, 41000 Zagreb; tel. (385) 1456-1712



Office hours: 8 a.m.–4 p.m. Mon–Fri

Banking hours: 8 a.m.–4 p.m. Mon–Fri

Time difference: GMT +1

Chief tourist attractions: Adriatic coast with 1,185 islands; historic cities, notably Dubrovnik

Major holidays: 1, 6 January, 1, 30 May, 22 June, 15 August, 1 November, 25–26 December; variable: Good Friday, Easter Monday

Special benefits for retirees

Foreign retirees pay no tax on foreign pension income.

Cost of living

Croatia is affordable. Don't get me wrong, it's not comparable to, say, India, but it certainly offers a cost of living that rivals most livable countries. "My daughter goes to the theater once a month for 20 to 30 *kuna* (US\$4.02 to US\$6.03)," says Karl Gillingham, who arrived there from London five years ago. School, too is less expensive in Zagreb. "A kindergartner in the UK might pay 800 pounds (US\$1,317) a month for a good education compared to 400 *kuna* (US\$80.43) at the international kindergarten in Zagreb—or as little as 50 *kuna* (US\$10) at the local school—which offers a very good education as well."

If you are an active family, the good climate and green spaces combined with low prices offer ample opportunities for healthy living. You can roller-blade, ice skate, sail, or ski all for much less than you would in neighboring countries. The chair lift ride, for example, is only 11 *kuna* (US\$2.2) one way, 17 *kuna* (US\$3.4) round trip.

Zagreb also has a terrific public transportation system, and you can purchase a Zagreb Card for up to 50% savings on transportation, museums, theaters, hotels, and restaurants. The three-day card is 90 *kuna* (US\$18.1); the 24-hour card is 60 *kuna* (US\$12). Trams run frequently within the city; buses travel inside and outside the city. The funicular runs to Zagreb's higher points; a ticket is only 6.5 *kuna* (US\$1.30) at a kiosk/a day pass is 18 *kuna* (US\$3.25).



Estimated monthly costs living in Istria:

Renting an apartment: US\$1,455

Renting a house: US\$2,120

Owning an apartment: US\$905

Owning a house: US\$1,150

Cost of housing

Istria is the budget-minded option to Tuscany, the region in Italy it is often compared to. You can purchase an apartment in this region of Croatia for as little as US\$125,000 or US\$130,000 or an old stone farmhouse for as little as US\$250,000. You could rent a one-bedroom apartment for US\$500 a month or a two-bedroom house for US\$1,000 per month.

Health care

Health care is financed mainly by mandatory health insurance administered by the Croatian Institute for Health Insurance (CIHI), which is under the direct control of the government and is responsible for implementing its policy of health care services financing and control

Primary care is funded according to capitation fee adjusted for age, secondary care on the basis of fee for service, and hospitals by a calculated combination, but only for beds contracted by the CIHI for a specific purpose. The insurance applies to a restricted standard of health services and providers are paid only for the determined standard. Cost sharing has been introduced (with exemption made, among others, for people with disability with very low income). The national health insurer offers an optional policy, with a premium of 20 Euros per month at the maximum, to take care of all the co-payments.

The basic health insurance is mandatory for all residents, Croatian as well as foreigners, and consists of the right to health care and financial benefits. The amount is calculated as 15% of the declared gross income (salary or pension).

There are no local private insurers in the market for mandatory health insurance, but several companies offer "supplementary"



policies, covering services provided by private healthcare providers. **Croatia Osiguranje** and **Sunce** are the largest. Croatians typically pay into a private supplemental health insurance in order to avoid the large cues in the public hospitals.

Taxes

Territoriality and residence

Residents are taxed on worldwide income, while nonresidents are taxed only on Croatian-source income.

An individual is resident if he/she has a permanent residence or habitual abode in Croatia. An individual is nonresident if he/she does not have a permanent/habitual residence in Croatia, but receives taxable income in Croatia.

Gross income

Employee gross income: Rates are 12%-40%, depending on gross income.

Capital gains: Capital gains are subject to tax at rates ranging from 25%-40%, depending on the nature of the transaction. Income from the sale of property is taxable at 25% if property is alienated within three years of procurement. Income is the difference between the receipts determined at market value of the real estate or property right alienated, and the procurement value increased by a rise in production prices of industrial products. The alienation costs may be deducted as expenses. Income derived from selling shares is not taxable.

Deductions and allowances

Each individual is entitled to a personal allowance of HRK1,800 per month. The deduction may be further increased for each dependent family member.

Tax credits

Foreign tax paid may be credited against the domestic tax liability up to the amount of tax that would have been paid on such profits in Croatia, by providing proof of the foreign tax payment.



Other taxes

Social security taxes: Social security contributions consist of pension contributions (borne by the employee, but withheld by the employer) at a rate of 20% of gross salary, and a health and employment contribution (borne and paid by the employer) at a rate of 17.2% of gross salary.

Real property tax: If real property is not subject to VAT (i.e., buildings completed before VAT was introduced on January 1, 1998), the acquisition of a building is subject to a real estate sales tax at a rate of 5%. The tax base is the purchase value of the building. Any subsequent transfer of a building that exited the VAT system is subject to the real estate transfer tax rather than VAT. Land is always subject to the real estate transfer tax.

Net wealth tax: No

Tax authorities: Croatian Tax Authorities

Recommended Resources

Publications

Croatia Retirement Report: Istria

Contributing writer Roseanna Keats vividly describes her tour of the beautiful--and highly affordable--Istrian coast of Croatia, Europe's Sleeping Beauty, as Roseanna calls it, where every bend in the road brings another amazing view and you've a wonderful selection of Old World properties to choose from. It's the best of Italy...only cheaper...not to mention the world's truffle capital.

[Get it now, for under US\\$10.](#)



Croatia Retirement Report: Zagreb

"Although I have a tendency to steer clear of capital cities when considering an overseas relocation, Zagreb caught my eye," writes our correspondent Siri Lise Doub. With its ideal location (a perfect base for exploring other European cities), good infrastructure (you won't need a car), diverse leisure





opportunities (ski in the morning, lay on the beach in the afternoon, and catch an opera in the evening), as well as a reasonable cost of living, it turns out that Zagreb is not your average capital city.

Moreover, you will find out what are the strategies for dealing with currency fluctuation...

[Get it now, for under US\\$10.](#)

Contact:

For more information on current real estate investment opportunities in Croatia in general, contact Karl Gillingham at Adriatic Property Services, www.apscroatia.com.

Further Live and Invest Overseas Resources

Overseas Retirement Letter

Top 2012 Retire Overseas Options Revealed In Full Cheapest, safest, friendliest...best weather, best infrastructure, best health care...most tax-advantaged and most foreign resident-friendly... Plus most beautiful, romantic, exotic, historic, and adventure-filled. [Find out more here.](#)



Overseas Retirement Circle Membership

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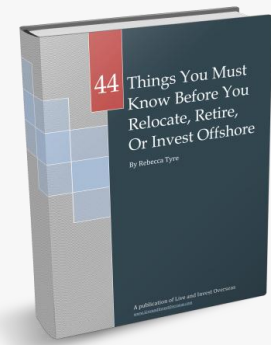




44 Things You Must Know Before You Relocate, Retire, Or Invest Offshore

The nuts-and-bolts supports you need to live, retire, and invest overseas with confidence.

[Find more here.](#)



Top Health Insurance Options For The Retiree Abroad

Health insurance is a top priority for anyone considering a move overseas. Within the pages of this two-manual kit, learn the difference between local insurance and international policies.

[Find more here.](#)



Global Property Investor's Marketwatch

As founder of International Living's Global Real Estate Investor, Lief led his readers to a number of remarkably profitable investments in markets from Croatia to Mexico...from Argentina to the coast of Spain...from Romania to Honduras... Now he shares his unique and extensive experience with members of his Global Property Investor's Marketwatch. Before you take off for your new life in Paradise overseas, let us show you...[find here more.](#)





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