

Pursuant to Article 38 (3) (1) of the Croatian National Bank Act (official gazette *Narodne novine*, No. 36/2001) and Article 15 of the Foreign Exchange Act (official gazette *Narodne novine*, No. 96/2003), the Council of the Croatian National Bank, at its session held on 14 September 2005, enacted the following

## **DECISION**

### **on Payments and Collections in Foreign Means of Payment in the Country**

#### ***General Provisions***

##### **I**

This Decision regulates allowed payment and collection transactions in foreign means of payment between residents and between residents and non-residents in the Republic of Croatia.

##### **II**

Transfers of foreign exchange from a foreign exchange account of a resident natural person as the holder of the account to the account of a resident natural person as the legitimate representative or custodian of the holder of the account shall be allowed.

##### **III**

Donations in foreign means of payment for scientific, cultural and humanitarian purposes between residents shall be allowed.

#### ***Payments and Collections between Residents***

##### **IV**

(1) Payments and collections in foreign means of payment between residents shall be allowed in the following cases:

- a) purchase and sale of goods in a "D" type customs warehouse;
- b) for disbursement and coverage of business trip expenses abroad and other associated costs, including field allowances;

- c) agency transactions in international transport and tourist agency services, between an agent and another resident natural person, for a service provided by a non-resident.

(2) Payments and collections in foreign exchange between residents shall be allowed in the following cases:

- a) purchase and sale in the primary market of the Croatian National Bank bills and securities issued by the Republic of Croatia denominated in foreign currency;
- b) purchase and sale of securities listed or issued abroad, for payments and collections between an investor and an authorized company and between authorized companies, except securities issued abroad but listed in the Republic of Croatia;
- c) disbursement of salaries to resident employees temporarily employed abroad (employees working on construction sites abroad, in representative offices, sailors, consuls, diplomats, etc.);
- d) purchase and sale of goods and services between free zone users, and purchase and sale of goods and services between free zone users and residents outside the zone, where the goods in question are domestic and the services in question are intended for exports or where the goods or services in question are foreign;
- e) investment projects carried out abroad, for payments and collections between the contractor and the subcontractors;
- f) agency transactions in international transport and services provided by tourist agencies, for payments and collections between an agent and another resident;
- g) current transactions in foreign trade, for the payment of imports of goods and services between an agent and another resident or for the collection of the amounts due for goods and services exported;
- h) inward processing procedure involving finishing, working and processing, including the materials used, as services provided by a resident to a holder of the inward processing procedure;
- i) clearing in connection with payments or cash withdrawals made by a resident abroad with domestically issued payment cards, or payments or cash withdrawals made by a non-resident in the Republic of Croatia with payment cards issued abroad;
- j) for payments and collections between a branch of a foreign founder and another resident provided such payments and collections are made in fulfillment of a contractual obligation between such other resident and the foreign founder of the branch.

### ***Payments and Collections between Resident Insurance Companies and Residents***

#### **V**

(1) Payments and collections of insurance premiums in foreign exchange between insurance companies and residents shall be allowed if the policyholder is a natural person residing abroad on the basis of a valid work permit for a period of not less than 183 days.

(2) When concluding a reinsurance contract between a resident insurance or reinsurance company and a non-resident reinsurance company, the collection of premiums and payment of damages in foreign exchange shall be allowed between the following residents:

- a) insurance company and policyholder or the beneficiary of insurance;
- b) insurance and reinsurance companies based on reinsurance contracts.

### ***Payments and Collections in Connection with Current Transactions between Residents and Non-Residents***

#### **VI**

(1) Payments and collections in foreign exchange in connection with current transactions between residents and non-residents shall be allowed in case of exports and imports of goods and services.

(2) Proof of import or export of goods shall be provided by a single administrative document for export or import of goods, while proof of imports or exports of services shall be provided by a contract or an invoice for the relevant service.

### ***Payments and Collections in Connection with Capital Transactions between Residents and Non-Residents***

#### **VII**

(1) Payments and collections in foreign exchange between residents and non-residents in connection with capital transactions shall be allowed except in the following cases:

- a) purchase and sale of real estate in the Republic of Croatia and stakes in companies headquartered in the Republic of Croatia;
- b) purchase and sale of stakes in investment funds established in accordance with Croatian laws;
- c) purchase and sale of securities listed or issued in the Republic of Croatia, irrespective of their denomination in kuna or in foreign exchange, except securities issued in the Republic of Croatia which are listed abroad.

(2) The prohibition referred to in item c) above shall not apply to any purchase or sale transactions in the primary market of securities issued by the Republic of Croatia denominated in foreign currency.

***Payments and Collections in Connection with Cession, Assignment and Debt Assumption***

**VIII**

Payments and collections in foreign exchange between residents and residents and non-residents which arise from forms of payment settlement such as cession, assignation and debt assumption as well as from other forms of mutual settlement of claims and liabilities with at least one of the participants being a non-resident, shall be allowed, unless such type of payment or collection might have the effect of loans not allowed under Article 17 (2) of the Foreign Exchange Act or unless such forms of payment settlement relate to claims or debts under capital transactions referred to in item VII (1) (a - c) of this Decision.

***Transitional and Final Provisions***

**IX**

As of the date of its entering into force, this Decision shall supersede the Decision on Payments and Collections in Foreign Means of Payment in the Country (official gazette *Narodne novine*, Nos. 146/2003 and 195/2003).

**X**

This Decision shall enter into force on the eighth day following its publication in the official gazette *Narodne novine*.

Dec. no. 675/2005  
Zagreb, 14 September 2005

CROATIAN NATIONAL BANK

COUNCIL CHAIRMAN  
GOVERNOR  
Željko Rohatinski, Ph.D.