

2025



CROATIA
PAYROLL GUIDE

1. Employment Laws in Croatia

Croatia, situated at the crossroads of Central and Southeast Europe, boasts a highly skilled workforce, supported by evolving labor laws that balance employee protections with employer flexibility. The Croatian labor market is adapting to modern work trends, including remote work and the gig economy, with a continued emphasis on providing advantageous working conditions for employees while adhering to statutory regulations.

2. Contractual Agreements

All employment relationships in Croatia are governed by written contracts that must include the following essential details:

- **Employer and Employee Information**
- **Contract Signing and Employee Start Date**
- **Job Title, Nature of Work, and Descriptions**
- **Work Hours and Workweek Duration**
- **Employee Benefits and Termination Procedures**
- **Salary and Payment Schedule**
- **Probation Period** (if applicable)

Contracts must distinguish between **remote work** and a **separate workplace**. A **separate workplace** refers to a fixed location, while remote work requires specific contractual arrangements regarding equipment and costs.

3. Types of Employment Contracts in Croatia

Understanding the various employment contracts available is essential to ensuring compliance with Croatian labor laws. Each type serves different needs, providing flexibility or stability based on the nature of the work:

- **Open-Ended Contracts:** The most common contract type, with no set end date and can be terminated by either party.
- **Fixed-Term Contracts:** These contracts have a specified duration, automatically terminating when the end date is reached. However, Croatian law limits the continuous use of fixed-term contracts to protect workers' rights.
- **Part-Time Contracts:** For employees working fewer hours than full-time workers. Part-time employees are entitled to proportional benefits based on the hours worked.
- **Temporary Agency Work Contracts:** Involves employment through a staffing agency, where workers are placed with client companies. These contracts are highly regulated to protect workers.
- **Project-Based Contracts:** Used for specific assignments with defined timelines, often for tasks that require specialized skills.
- **Apprenticeship Contracts:** Designed for those gaining practical experience in specific trades or professions, with protections in place for adequate training and support.

4. Obligations and Rights for Both Parties

Employers and employees have specific obligations and rights, including:

- **Right to Disconnect:** Employers should not contact employees outside working hours unless necessary.
- **Maternity and Parental Leave:** Employers may offer unpaid leave for up to six months beyond the statutory period.
- **Temporary Remote Work:** Employers cannot deny an employee's request to work remotely without a written explanation.
- **Disability Employment:** Employers with more than 20 employees must employ at least 3% individuals with disabilities or pay a fee equal to 20% of the minimum gross salary for each unfilled position.

5. Working Hours and Overtime

Croatia's labor laws regulate various work arrangements:

- **Regular Working Hours:**
 - Full-time work can be up to **40 hours per week**.
 - Over a reference period of **four months**, working hours may average **48 hours per week**, including overtime.
 - **Night Work:** Limited to an average of **8 hours per day** over four months.
- **Rest Periods:** Employers must provide:
 - **Breaks:** At least 30 minutes for every six hours of continuous work.
 - **Daily Rest:** A minimum of **12 hours** between workdays.
 - **Weekly Rest:** At least **24 hours** in each seven-day period.
- **Overtime:**
 - Employees may work up to **180 hours of overtime per year**, with collective agreements potentially extending this to **250 hours**.
 - The total working hours, including overtime, are capped at **50 hours per week**.
 - While overtime pay is not statutorily required, employers may offer compensation based on local standards.

6. Minimum Wage and Compensation

- **Minimum Wage:** Set at **970 euros per month** in 2025.
- **Salary Payment:** Salaries must be paid by **the 15th of every month**.
- **Salary Determination:** Salaries include base pay, supplements, and other forms of remuneration, influenced by market factors, job type, and employee experience.

7. Employee Benefits and Social Security

Employers are required to extend various benefits to employees, including:

- **Paid Leave:** Paid vacation, public holidays, maternity, and parental leave benefits.
- **Sick Leave:** Employers must cover the first **42 days of sick leave**.
- **Social Security:** Employers must enroll employees in the Croatian **social security system** for pension and health insurance coverage from the **43rd day** of sick leave.

Additional Benefits:

- **Severance Pay:** Employees with two or more years of continuous work are entitled to severance pay upon dismissal.
- **Collective Agreements or Individual Contracts** may offer additional perks or benefits.

8. Social Security Contributions and Requirements in Croatia

In Croatia, compulsory insurance contributions are regulated by the **Contribution Act** and the **Ordinance on Contributions**. These regulations apply to both Croatian citizens and foreign workers, depending on their work or social status.

- **EU Workers:** Citizens from the EU are treated the same as Croatian citizens for pension and health insurance contributions, based on **Regulation (EC) no. 883/2004**.
- **Non-EU Workers:** Contributions depend on whether Croatia has a social insurance agreement with their home country.

Contribution Rates:

- **Pension Insurance:**
 - **Employee Contribution:** 20% (15% for individual capitalized savings).
 - **Employer Contribution:** 5% for individual savings insurance.
- **Health Insurance:** Paid by the employer at **16.5%** of the employee's salary.

Employer Responsibilities:

- Employers calculate and pay contributions based on the employee's salary each month.
- **Exemption:** Foreign workers with no prior pension insurance in Croatia may be exempt from contributions for one year, or up to five years if under 30 years of age.

Salary Adjustments:

- From **December 2023**, if the employee's gross salary is up to **EUR 1,300**, the basis for calculating pension insurance contributions is reduced:
 - For salaries up to **EUR 700**, by a fixed amount of **EUR 300**.
 - For salaries between **EUR 700 and EUR 1,300**, the reduction is calculated using a linear formula.

Employers also handle contribution calculations for workers insured under Croatian laws but employed by entities in other EU countries or countries with social insurance agreements with Croatia.

9. Vacations and Paid Time Off in Croatia

Annual Leave:

- Employees are entitled to at least **four weeks** of paid annual leave.
- Those in hazardous work conditions receive a minimum of **five weeks**.
- Annual leave can be taken in instalments, but a minimum of **two weeks** leave must be used by employee at least once per year. Unused leave must be taken by **June 30** of the following year.

Public Holidays: The following public holidays are mandatory rest days:

- **January:** New Year's Day, Epiphany
- **April-May:** Easter Sunday, Easter Monday, International Workers' Day, Corpus Christi, Statehood Day
- **June:** Anti-Fascist Struggle Day
- **August:** Victory and Homeland Thanksgiving Day, Assumption of Mary
- **November:** All Saints' Day, Remembrance Day for Homeland War Victim
- **December:** Christmas Day, St. Stephen's Day

Special Leave:

- **Personal Leave:** Up to **7 days** paid leave for significant events like marriage, childbirth, or demise of close family member.
- **Personal Care Leave:** Up to **5 days** unpaid leave for personal care or to care for a close family member.
- **Absence from Work:** Employees may be absent for **one day** per year without prior notice.

Maternal and Parental Leave:

- **Maternity Leave:** Mandatory **98 days** of paid leave, starting 28 days before the due date and 70 days after childbirth.
- **Paternity Leave:** **10 days** for one child, **15 days** for multiple children, within six months.
- **Parental Leave:** Up to **30 months** for child care, which can be extended twice a year for a minimum of **30 days**.

10. Termination and Severance in Croatia

Grounds for Termination:

- **Automatic Termination:** Occurs when fixed-term contracts expire or when an employee reaches retirement age (65) with 15 years of pensionable service.

- **Termination with Notice:** For reasons such as economic, technological, or organizational changes, permanent inability to perform duties, or violation of the employment contract.
- **Poor Performance:** Can lead to termination within a probation period of up to **six months**.

Notice Period and Severance Pay:

- **Notice Period:**
 - Less than 1 year: **2 weeks**
 - 1 year: **1 month**
 - 2 years: **1 month + 2 weeks**
 - 5 years: **2 months**
 - 10 years: **2 months + 2 weeks**
 - 20 years: **3 months**
 - Notice periods can be halved for contractual violations.
- **Severance Pay:**
 - **Minimum:** 1/3 of the average monthly salary for each year of service.
 - **Maximum:** **6 times** the average monthly salary for the last 3 months before termination.

11. Discrimination and Equal Opportunity

- **Prohibited Discrimination:** Employers must not treat employees unfavourably based on race, gender, age, disability, or other protected characteristics.
- **Oversight System:** Employers with over **75 employees** must implement a two-person oversight system to protect employees' dignity.

12. Health and Safety Regulations

- **Workplace Safety:** Employers must ensure safe working conditions and reduce work hours if needed to protect employee health.
- **Employee Data Privacy:** Only essential employee data may be collected and processed for employment purposes. Data must be deleted when no longer necessary.
- **Internal Regulations:** If employing more than **20 employees**, companies must define what employee data is collected and how it's used.

13. Contact Details

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