

02 — Legal & Tax — Entity Options & OIB

Croatian Market Entry Options for Norwegian SaaS Provider

Document Type: Internal Research Memo

Subject: Legal and tax options for ALAI Holding AS (Norwegian entity) entering Croatian market with Bilko SaaS

Date: 2026-05-28

Status: ⚠ NOT LEGAL ADVICE — Final confirmation requires licensed Croatian attorney and tax advisor

Entity: ALAI Holding AS (Org.nr 932 516 136), Norwegian AS, CEO Alem Basic (Norwegian resident)

Product: Bilko (SaaS accounting platform, target: Croatian SMBs)

TL;DR — Recommended Path

For Phase 1 (0-50 clients, <€300K annual revenue):

☐ **No Croatian entity initially** — Sell directly from ALAI Holding AS (Norwegian company)

- ☐ B2B reverse charge (clients self-assess Croatian VAT) — no VAT registration needed
- ☐ B2C via Non-Union OSS scheme if B2C sales >€10,000/year threshold
- ☐ Norwegian CIT applies (22%), withholding exempted per Norway-Croatia tax treaty
- ⚠ **HR-FISK e-invoice:** UNCLEAR if mandatory for foreign provider — requires legal clarification
- ⚠ **OIB:** Not mandatory for pure digital service from abroad, but recommended for banking/contract relationships

Trigger point for Croatian entity (d.o.o.):

- Revenue >€300K/year in Croatia OR
- Physical presence needed (office, employees) OR
- HR-FISK compliance requires local entity (TBD by legal counsel)

Rationale: Lower overhead, test market fit, comply via reverse charge (B2B) and OSS (B2C), minimal Croatian administrative burden.

Decision Matrix: 5 Entity Options

Option	Capital Requirement	Timeline	Annual Overhead	Best For	HR-FISK Eligible?	Risk Level
No HR entity (direct sale from NO)	€0	Immediate	~€5K (accounting/legal review)	<€300K revenue, pure B2B/light B2C	⚠️ UNCLEAR	Low-Medium
d.o.o. (Croatian LLC)	€2,630 (HRK ~20K)	2-4 weeks	€8K-€15K (accounting, audit, filing)	>€300K revenue, local presence, hiring plans	☐ Yes	Medium
j.d.o.o. (Simplified LLC)	€1 (symbolic)	1-2 weeks	€5K-€10K	<€1M revenue, max 3 founders, simpler structure	☐ Yes	Medium
Obrt (Sole Proprietorship)	€0	1 week	€3K-€6K	Solo freelancer, revenue <€60K	⚠️ FOREIGN OWNER RESTRICTED	Medium-High
Paušalni obrt	€0	1 week	€2K-€4K	Very low revenue (<€60K), lump-sum tax	⚠️ FOREIGN OWNER RESTRICTED	High
Branch (Podružnica)	€0	3-6 weeks	€6K-€12K (separate accounting)	Parent wants direct control, HR ops significant	☐ Yes	Medium

Criteria Definitions

- Capital Requirement:** Minimum paid-in capital (d.o.o. requires ~€2,630; j.d.o.o. only €1)
- Timeline:** From paperwork start to registration complete
- Annual Overhead:** Estimated cost for accounting, bookkeeping, tax filings, audit (if required), annual FINA filing
- Best For:** Revenue size and operational model
- HR-FISK Eligible:** Can the entity obtain FINA certificate for mandatory e-invoicing?
- Risk Level:** Legal/compliance complexity for foreign founder

Question 1: Entity Registration Options

1.1 d.o.o. (Društvo s ograničenom odgovornošću — Croatian LLC)

Legal Basis: Zakon o trgovačkim društvima (Companies Act), NN 111/93 and amendments

Key Facts:

- **Minimum Capital:** HRK 20,000 (~€2,630), must be deposited before registration
- **Shareholders:** Min 1, max unlimited; can be 100% foreign-owned (Norwegian individual or company)
- **Management:** Minimum 1 director (can be foreign resident, but must have Croatian OIB for registration)
- **Registration:** Court of Registry (Trgovački sud) via HITRO.HR portal
- **Timeline:** 2-4 weeks (faster if all docs prepared)
- **Seat Requirement:** Must have registered address in Croatia (can use virtual office initially)
- **Accounting:** Full bookkeeping per Croatian Accounting Act, annual financial statements filed with FINA
- **Audit Requirement:** If exceeds 2/3 criteria: revenue >€8M, assets >€4M, employees >50 (unlikely for SaaS startup)
- **Annual Costs:** ~€8,000-€15,000 (accountant, bookkeeper, annual FINA filing, legal compliance)

Advantages:

- ☐ Limited liability (shareholders liable only up to capital contribution)
- ☐ Credibility with Croatian customers (local company)
- ☐ Can hire Croatian employees directly
- ☐ Full HR-FISK eligibility (can obtain FINA certificate)
- ☐ Can open Croatian bank account easily

Disadvantages:

- ☐ Upfront capital requirement (€2,630)
- ☐ Annual accounting/audit overhead
- ☐ Must file annual financial statements with FINA (public record)
- ☐ Subject to Croatian CIT (18% or 10% if revenue <€1M)
- ☐ Potential WHT on dividends to Norwegian parent (10%, reducible per treaty)

When to Choose: Revenue >€300K/year in Croatia, need local employees, want local bank account, HR-FISK mandatory compliance confirmed

1.2 j.d.o.o. (Jednostavno društvo s ograničenom odgovornošću — Simplified LLC)

Legal Basis: Zakon o trgovačkim društvima, Art. 390a-390t (introduced 2012, updated 2019)

Key Facts:

- **Minimum Capital:** €1 (symbolic, one of lowest in EU)
- **Founders:** Max 3 natural persons (can be foreign, but at least one must be Croatian resident OR foreign founder must appoint Croatian representative)
- **Revenue Limit:** Max €7.5M annually; if exceeded, must convert to regular d.o.o. within 6 months
- **Management:** Simplified governance (founders = directors, no supervisory board needed)
- **Accounting:** Simplified bookkeeping (single-entry permitted if revenue <€300K)
- **Registration:** Same as d.o.o. (HITRO.HR portal, Trgovački sud)
- **Timeline:** 1-2 weeks (faster than d.o.o. due to simpler docs)
- **Annual Costs:** ~€5,000-€10,000

Advantages:

- ☐ Minimal capital (€1)
- ☐ Faster setup than d.o.o.
- ☐ Simplified accounting for small revenue
- ☐ Limited liability
- ☐ HR-FISK eligible

Disadvantages:

- ⚠ Founder must be natural person (not legal entity like ALAI Holding AS) — **CEO Alem would be founder personally, not company**
- ☐ Max 3 founders (not scalable for larger shareholder base)
- ☐ Revenue cap €7.5M (good problem to have, but requires conversion)
- ☐ Less formal governance = less attractive to investors (if future fundraising planned)

When to Choose: CEO Alem willing to be personal founder (not ALAI Holding AS), revenue €300K-€1M range, want minimal capital, need HR entity quickly

1.3 Obrt (Sole Proprietorship / Craft Business)

Legal Basis: Zakon o obrtu (Crafts Act), NN 143/13

Key Facts:

- **Owner:** Natural person only (not legal entity)
- **Foreign Ownership:** ⚠ **RESTRICTED** — Foreign (non-EU) citizens need work permit and residency in Croatia (Norway is outside EU/EEA for this purpose as of 2026)
- **Revenue Limit:** Unlimited in theory, but paušalni regime only up to €60K
- **Liability:** Unlimited personal liability (owner personally liable for all debts)
- **Registration:** Ministry of Economy (Ministarstvo gospodarstva) via HITRO.HR
- **Accounting:** Simplified bookkeeping for small revenue
- **Annual Costs:** ~€3,000-€6,000

Advantages:

- ☐ No capital requirement
- ☐ Simple setup (1 week)
- ☐ Lower accounting overhead than d.o.o.

Disadvantages:

- ☐ **Foreign owner needs Croatian residency/work permit** — NOT viable for Norwegian resident CEO without relocating
- ☐ Unlimited personal liability
- ☐ Owner = business (no legal separation)
- ☐ Revenue cap €60K for paušalni regime
- ⚠ HR-FISK eligibility unclear for foreign-owned obrt

When to Choose: NOT RECOMMENDED for Alem (Norwegian resident). Only viable if CEO relocates to Croatia.

1.4 Paušalni Obrt (Lump-Sum Taxed Sole Proprietorship)

Legal Basis: Zakon o porezu na dohodak (Income Tax Act), NN 115/16, Art. 31

Key Facts:

- **Revenue Cap:** €60,000 annually (hard limit)
- **Taxation:** Lump-sum tax based on activity type (not actual profit) — typically €500-€3,000/year flat rate
- **VAT:** Not VAT-registered (below threshold), cannot charge/reclaim VAT
- **Owner:** Natural person only
- **Foreign Ownership:** ⚠ **SAME RESTRICTION AS OBRT** — foreign owner needs Croatian residency

Advantages:

- ☐ Very low tax burden (fixed lump-sum)
- ☐ No capital requirement
- ☐ Minimal accounting (no double-entry)

Disadvantages:

- ☐ **Foreign owner needs Croatian residency** — NOT viable for Norwegian resident
- ☐ Revenue cap €60K (too low for SaaS growth)
- ☐ No VAT registration (cannot serve VAT-registered clients properly)
- ☐ Unlimited personal liability

When to Choose: NOT RECOMMENDED for Alem. Only for Croatian residents doing side business.

1.5 Podružnica (Branch of Foreign Company)

Legal Basis: Zakon o trgovačkim društvima, Art. 464-468

Key Facts:

- **Definition:** Croatian registered branch of ALAI Holding AS (Norwegian parent)
- **Legal Status:** NOT separate legal entity (parent ALAI Holding AS fully liable)
- **Capital:** No minimum paid-in capital (but parent must demonstrate solvency)
- **Registration:** Court of Registry (Trgovački sud) via HITRO.HR
- **Timeline:** 3-6 weeks (longer than d.o.o. due to foreign company documentation)
- **Accounting:** Separate Croatian bookkeeping + consolidation with parent (dual overhead)
- **Taxation:** Branch profits taxed in Croatia (18% CIT), then remitted to Norway (treaty prevents double taxation)
- **Audit:** If branch exceeds size thresholds, requires audit
- **Annual Costs:** ~€6,000-€12,000 (accounting for both branch and parent coordination)

Advantages:

- ☐ Parent (ALAI Holding AS) retains direct control
- ☐ No Croatian shareholders needed (100% Norwegian parent)
- ☐ HR-FISK eligible
- ☐ Can hire Croatian employees

Disadvantages:

- ☐ Parent ALAI Holding AS fully liable (no limited liability shield)
- ☐ Dual accounting overhead (branch + parent)
- ☐ More complex tax filings (branch CIT in Croatia, then consolidation in Norway)
- ☐ Longer setup timeline

- ☐ Perceived as "foreign" by Croatian customers (less local credibility than d.o.o.)

When to Choose: Parent wants direct operational control, Croatian operations are significant (>€500K revenue, 5+ employees), willing to accept unlimited parent liability

1.6 No Croatian Entity (Direct Sale from Norway)

Legal Basis: Croatian VAT Act (Art. 4, 17), EU VAT Directive 2006/112/EC (place of supply rules for electronic services)

Key Facts:

- **Entity:** ALAI Holding AS sells directly from Norway (no Croatian company)
- **B2B Sales:** Reverse charge applies — Croatian VAT-registered customer self-assesses Croatian VAT (ALAI issues invoice without VAT)
- **B2C Sales:** If annual B2C sales to Croatia >€10,000, must register for Non-Union OSS scheme (One-Stop Shop) in Norway and remit Croatian VAT (25%) via Norwegian tax authority
- **CIT:** ALAI Holding AS taxed in Norway (22% Norwegian CIT), no Croatian CIT (unless permanent establishment created)
- **Permanent Establishment (PE) Risk:** None if purely digital service, no Croatian office, no employees, no fixed place of business (per OECD Model Tax Convention Art. 5, adopted by Norway-Croatia treaty)
- **HR-FISK:** ⚠ **UNCLEAR** if foreign provider must issue e-invoices via HR-FISK for Croatian customers (see Question 5 below)

Advantages:

- ☐ Zero setup cost, immediate start
- ☐ No Croatian administrative overhead (accounting, filings)
- ☐ Taxed in Norway only (22% CIT, familiar regime)
- ☐ No Croatian audit, FINA filing, or court registration
- ☐ Test market fit before committing to Croatian entity

Disadvantages:

- ⚠ HR-FISK compliance unclear (may require local entity — see Question 5)
- ☐ Perceived as "foreign" (may reduce trust with Croatian SMB customers)
- ☐ Cannot open Croatian bank account (must use Norwegian account, EUR SEPA transfers)
- ☐ B2C VAT compliance via OSS (if >€10K B2C sales)
- ☐ May trigger Croatian VAT registration if threshold exceeded or if HR-FISK requires local entity

When to Choose: Phase 1 (<€300K revenue, mostly B2B), test market, avoid overhead, HR-FISK exemption confirmed OR work-around via Peppol (see Question 5)

Question 2: OIB (Osobni Identifikacijski Broj)

OIB = Croatian Tax Identification Number (11-digit unique identifier for all natural and legal persons transacting in Croatia)

Legal Basis: Zakon o osobnom identifikacijskom broju (Personal Identification Number Act), NN 60/08

2.1 OIB for Foreign Natural Person (CEO Alem Basic)

When MANDATORY:

- If registering Croatian company (d.o.o., j.d.o.o., obrt) as founder/director
- If employed by Croatian entity
- If owning Croatian real estate
- If opening Croatian bank account (most banks require OIB)

When NOT mandatory (but recommended):

- If providing services remotely from Norway to Croatian clients (no Croatian entity) — NOT legally required, but some Croatian clients may request for their accounting records
- If signing Croatian contracts as Norwegian entity representative — recommended but not mandatory

How to Obtain:

1. Submit application to **Croatian Tax Administration** (Porezna uprava) via:
 - In-person at any Tax Administration office in Croatia (bring passport + proof of purpose)
 - OR via Croatian embassy/consulate in Norway (Oslo embassy) — requires appointment
2. **Documents Needed:**
 - Valid passport (Norwegian)
 - Proof of purpose (e.g., company registration docs, employment contract, bank account opening letter)
3. **Timeline:** 1-2 weeks if in Croatia, 4-6 weeks via embassy

4. **Cost:** Free

Recommendation: If Alem plans to register Croatian entity OR open Croatian bank account → **obtain OIB proactively**. If selling purely from Norway with no Croatian entity → NOT urgent (can defer until needed).

2.2 OIB for Foreign Legal Entity (ALAI Holding AS)

When **MANDATORY**:

- If registering Croatian branch (podružnica)
- If registering Croatian subsidiary (d.o.o. as separate entity, then parent ALAI Holding AS as shareholder needs OIB)
- If VAT-registered in Croatia (as foreign taxable person)

When **NOT** mandatory:

- If selling digital services from Norway with reverse charge (B2B) or OSS (B2C) — **NOT required**
- If transacting via SEPA as Norwegian entity — NOT required (use Norwegian org.nr 932 516 136)

How to Obtain:

1. Submit application to **Croatian Tax Administration** (Porezna uprava) with:
 - Certificate of Incorporation (Norwegian BR Registerutskrift) translated to Croatian (sworn translation)
 - Proof of Norwegian company registration (Org.nr 932 516 136)
 - Power of Attorney if representative applies on behalf of company
2. **Timeline:** 2-4 weeks
3. **Cost:** Free (translation ~€50-€100)

Recommendation: If registering Croatian entity or VAT → obtain OIB for ALAI Holding AS. If direct sale from Norway → **NOT needed initially** (can defer).

Question 3: VAT (PDV) for SaaS Sales from Norway to Croatia

Norway = Outside EU (Norway is EEA member for free movement, but NOT in EU Customs Union or VAT area). For VAT purposes, Norway is "third country" (non-Union).

Legal Basis:

- Croatian VAT Act (Zakon o porezu na dodanu vrijednost), NN 73/13 and amendments
- EU VAT Directive 2006/112/EC (Croatia bound as EU member since 2013)
- Place of supply rules for electronic services: Art. 58 (B2C) and Art. 44 (B2B)

3.1 B2B Sales (Business-to-Business): Croatian VAT-Registered Customer

Rule: Reverse Charge Mechanism (Art. 17 Croatian VAT Act)

How it Works:

1. ALAI Holding AS (Norwegian provider) issues invoice to Croatian VAT-registered customer **WITHOUT Croatian VAT**
2. Invoice must state: "*Reverse charge — customer must self-assess Croatian VAT per Art. 17 VAT Act*" (or Croatian: "*Obrnuto opterećenje — primatelj usluge plaća PDV prema čl. 17 Zakona o PDV-u*")
3. Croatian customer self-assesses 25% Croatian VAT and reports it on their Croatian VAT return (input VAT deductible if business use)
4. ALAI Holding AS does **NOT** charge, collect, or remit Croatian VAT
5. ALAI Holding AS does **NOT** need Croatian VAT registration for pure B2B sales

Requirements for ALAI Holding AS:

- Customer must provide Croatian VAT ID (format: HR + 11-digit OIB, e.g., HR12345678901)
- ALAI must verify customer's VAT ID via **EU VIES system** (https://ec.europa.eu/taxation_customs/vies/) — Croatia is in VIES
- Invoice must clearly state reverse charge clause
- ALAI should keep records of customer VAT IDs (for audit defense if questioned by Norwegian or Croatian tax authorities)

Outcome: **No Croatian VAT registration needed for B2B SaaS sales**

3.2 B2C Sales (Business-to-Consumer): Croatian Non-VAT-Registered Customers

Rule: Non-Union OSS Scheme (One-Stop Shop for suppliers outside EU selling to EU consumers)

How it Works:

1. If ALAI Holding AS annual B2C sales to **all EU countries** (including Croatia) exceed **€10,000 threshold**, ALAI must register for **Non-Union OSS** in Norway
2. Once registered, ALAI charges **Croatian VAT (25%)** on all sales to Croatian consumers
3. ALAI files **quarterly OSS return** via Norwegian Tax Administration (Skatteetaten), declaring sales per EU country and remitting VAT
4. Norwegian Tax Administration distributes collected VAT to each EU country (including Croatia)

Threshold Details:

- **€10,000 = Total B2C sales to ALL EU** (not just Croatia) — if Bilko sells €5K to Croatia + €6K to Germany = €11K total → OSS registration required
- Before exceeding €10,000: ALAI can charge **Norwegian VAT (25%)** OR voluntarily register for OSS early
- After exceeding: **MUST register for OSS** within 10 days of exceeding threshold

Requirements for ALAI Holding AS:

- Register for Non-Union OSS via Norwegian Skatteetaten:
<https://www.skatteetaten.no/en/business-and-organisation/vat-and-duties/vat/foreign-businesses/oss/>
- Charge 25% Croatian VAT on Croatian B2C sales
- File quarterly OSS return (deadlines: Apr 30, Jul 31, Oct 31, Jan 31)
- Keep records of customer country (IP address, billing address, payment method country — 2 out of 3 match)

Alternative (if under €10K):

- Charge **Norwegian VAT (25%)** instead of Croatian VAT — simpler, but customer pays Norwegian VAT (may be confusing for Croatian consumers expecting Croatian VAT on invoice)

Outcome: ⚠ If B2C sales >€10,000/year → **OSS registration required** (via Norway, not Croatia directly)

3.3 Threshold €60,000 — Does it Apply to Foreign Providers?

Answer: **NO** — The €60,000 threshold in Croatian VAT Act Art. 90 applies **only to Croatian residents** (natural or legal persons established in Croatia)

Legal Basis: Croatian VAT Act Art. 90 (*Oslobođenje od plaćanja PDV-a za mala poduzeća*) — small business exemption for domestic entities with turnover <€60K

Foreign providers (like ALAI Holding AS from Norway):

- NOT eligible for Croatian small business exemption
- Must follow **place of supply rules** (reverse charge for B2B, OSS for B2C >€10K)
- €60,000 threshold does NOT apply

Outcome: ☐ ALAI Holding AS is **NOT bound by €60K Croatian threshold** — only OSS €10K threshold matters for B2C

3.4 When MUST Norwegian Provider Register for Croatian VAT?

Mandatory Croatian VAT Registration Triggers:

1. **Permanent Establishment (PE) in Croatia:**

- If ALAI Holding AS establishes Croatian office, hires Croatian employees, or has fixed place of business → PE created → **MUST register for Croatian VAT**
- If purely digital service from Norway (no Croatian office/staff) → NO PE → NO Croatian VAT registration needed

2. **Branch (Podružnica) Registration:**

- If ALAI registers podružnica in Croatia → **MUST register for Croatian VAT** (branch is taxable person in Croatia)

3. **Exceeding B2C OSS Threshold (€10K):**

- If B2C sales >€10K → **MUST register for Non-Union OSS** (in Norway, not Croatia) — see 3.2 above

4. **Supplies NOT Covered by Reverse Charge:**

- If ALAI sells goods (not services) or services other than electronic services → may trigger Croatian VAT registration (but SaaS = electronic service → covered by reverse charge/OSS)

Outcome: ☐ For pure SaaS from Norway (no Croatian PE) → **NO direct Croatian VAT registration needed** — use reverse charge (B2B) and OSS (B2C)

Question 4: Norway-Croatia Double Taxation Treaty

Treaty Status: ☐ **YES** — Bilateral tax treaty in force

Official Name: *Convention between the Kingdom of Norway and the Republic of Croatia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income*

Signed: November 14, 2013

Entered into Force: December 30, 2014

Legal Basis: Norwegian treaty: <https://lovdata.no/dokument/TRAK/traktat/2013-11-14-4>

Croatian treaty: Published in NN-MU 1/2015 (Međunarodni ugovori)

4.1 Corporate Income Tax (CIT) Treatment

Article 7 (Business Profits):

- Norwegian company's business profits are taxable **only in Norway** UNLESS the company has a **Permanent Establishment (PE)** in Croatia
- If PE exists → Croatia may tax profits **attributable to that PE** (arm's length allocation)

For ALAI Holding AS selling SaaS from Norway:

- ☐ No Croatian office, no employees, no fixed place of business → **NO PE** → **taxed in Norway only** (22% Norwegian CIT)
- ☐ No Croatian CIT liability (18%/10%)

PE Definition (Art. 5):

- Fixed place of business (office, branch, factory)
- Building site/construction project >12 months
- Agent with authority to conclude contracts on behalf of company
- **Explicitly EXCLUDES:** Server location (per 2017 OECD update on digital economy) — SaaS server in Croatian data center does NOT create PE

Outcome: ☐ For pure SaaS from Norway → **NO Croatian CIT** (taxed in Norway only at 22%)

4.2 Withholding Tax (WHT) on Royalties / Licence Fees

Article 12 (Royalties):

- WHT rate: **5%** (reduced treaty rate; Croatian domestic rate is 15%)
- **Definition of Royalty:** Payment for use of intellectual property, software licence, patent, trademark, copyright

Does SaaS Subscription = Royalty?

- **△ DEBATED** — Depends on contract structure:
 - If Bilko subscription grants **right to use software** (installed/downloaded) → potentially royalty (5% WHT)
 - If Bilko subscription is **access to cloud service** (no software transfer, pure SaaS) → generally **NOT royalty** (per OECD Model Commentary Art. 12, para. 14.4) → **business profit (Art. 7)** → NO WHT

OECD Guidance (2017 BEPS Action 1):

- Cloud computing (IaaS, PaaS, SaaS) generally **NOT royalty** if customer does not acquire rights to exploit software (only access to service)
- Croatian Tax Administration **follows OECD Model** (EU member, OECD observer since 2000s)

Practical Interpretation for Bilko:

- Bilko is **pure SaaS** (web app, no software download, no licence to resell/modify) → **NOT royalty** → **business profit** → NO WHT
- If future Bilko offers **downloadable software licence** (on-premise version) → may trigger 5% WHT

Outcome: ☐ For pure SaaS (no software transfer) → **NO Croatian WHT** (business profit, not royalty)

4.3 Permanent Establishment (PE) Risk

When Does Norwegian Company Create PE in Croatia?

Article 5 (Permanent Establishment):

1. **Fixed place of business** (office, branch, workshop, factory) — YES creates PE
2. **Building site/construction project** >12 months — YES creates PE (not relevant for SaaS)
3. **Dependent agent** with authority to conclude contracts in Croatia on behalf of Norwegian company — YES creates PE
4. **Server location** — ☐ **NO PE** (per OECD Model Art. 5 commentary and 2017 BEPS update)
5. **Employees working remotely** in Croatia for Norwegian company — **△ GREY AREA:**
 - If employee is **sales agent** with contract authority → may create PE
 - If employee is **technical support / developer** without contract authority → generally NO PE (per Art. 5(4) preparatory/auxiliary exception)

Safe Harbors (Art. 5(4) — Activities NOT Creating PE):

- Storage, display, or delivery of goods
- Purchasing goods/merchandise
- Information gathering
- Preparatory or auxiliary activities (e.g., R&D, customer support)

Outcome for ALAI Holding AS:

- ☐ SaaS delivery from Norway (no Croatian office, no staff) → **NO PE**
- ⚠ If future: hire Croatian sales agent with contract authority → **MAY create PE** → Croatian CIT applies to PE profits
- ⚠ If future: open Croatian office → **YES creates PE** → Croatian CIT applies

Recommendation: Monitor PE risk if hiring Croatian sales/business development staff. Consult Croatian tax advisor before hiring first Croatian employee.

Question 5: e-Ra?un HR-FISK 2.0 Obligation for Foreign Provider

HR-FISK = Croatian Fiscalization System for Electronic Invoices (mandatory since January 1, 2026 for B2B, B2G, B2C invoices)

Legal Basis:

- Zakon o fiskalizaciji (Fiscalization Act), NN 115/16 and amendments
 - Zakon o PDV-u (VAT Act) — Art. 40 (invoice requirements)
 - Pravilnik o fiskalizaciji (Fiscalization Regulation), NN 37/21
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5.1 Does HR-FISK Apply to Foreign SaaS Provider?

Answer: ⚠ **UNCLEAR — LEGAL GREY AREA**

Arguments FOR Obligation (Foreign Provider Must Comply):

1. Croatian VAT Act Art. 40 requires **all invoices issued to Croatian customers** (VAT-registered or not) to contain prescribed elements
2. Fiscalization Act Art. 3 defines "taxable person" broadly — if foreign provider serves Croatian market, may be considered taxable person for fiscalization purposes (even if not VAT-registered)

3. HR-FISK penalties (up to €500,000) apply to "anyone issuing invoice to Croatian customer without fiscalization" (Fiscalization Act Art. 30) — does NOT explicitly exempt foreign providers
4. Croatian Tax Administration guidance (2025-2026) suggests **all B2B invoices to Croatian VAT-registered customers should be transmitted via HR-FISK** — but guidance is ambiguous on foreign providers

Arguments AGAINST Obligation (Foreign Provider Exempt):

1. HR-FISK Regulation Art. 2 applies to "taxable persons **established in Croatia**" — foreign provider from Norway is NOT established in Croatia → arguably exempt
2. EU cross-border e-invoicing rules (Directive 2014/55/EU for B2G) allow **Peppol network** as alternative to national systems — HR-FISK is Peppol-compatible → foreign provider could send via Peppol instead of direct HR-FISK
3. Fiscalization Act Art. 5 exempts "export invoices" (zero-rated supplies) — B2B reverse charge to Croatian customer is similar to export (no Croatian VAT charged) → arguably exempt
4. Practical enforcement: Croatian Tax Administration lacks jurisdiction to penalize foreign provider with no Croatian entity/PE — enforcement would require Norwegian-Croatian tax treaty cooperation (unlikely for pure civil penalty)

FINA Certificate Requirement:

- HR-FISK requires **FINA certificate** (digital certificate issued by FINA for fiscalization)
- To obtain FINA certificate, provider must be **registered in Croatian Court Registry** (Trgovački sud) OR have Croatian OIB as legal entity
- **Foreign provider without Croatian entity CANNOT obtain FINA certificate** (per FINA website: <https://www.fina.hr/certifikati> — only Croatian-registered entities eligible)

Outcome: ⚠ UNRESOLVED — TWO SCENARIOS:

Scenario A (Conservative / Risk-Averse):

- Assume HR-FISK applies to foreign providers → **MUST register Croatian entity** (d.o.o. or branch) to obtain FINA certificate → issue all invoices via HR-FISK
- **COST:** €2,630 capital + €8K-€15K annual overhead (d.o.o.)

Scenario B (Pragmatic / Test-Market):

- Assume foreign provider exempt OR use **Peppol alternative** → issue invoices from Norway (PDF or structured XML) → send via Peppol network (Croatia is Peppol member) → Croatian customer receives invoice via Peppol → compliant with EU cross-border e-invoicing
- **COST:** €0 (use Norwegian invoicing system with Peppol integration)
- **RISK:** If Croatian Tax Administration later clarifies foreign providers must use HR-FISK directly → must pivot to Scenario A (register Croatian entity) OR stop selling to Croatia

5.2 Peppol as Alternative Path

Peppol = Pan-European Public Procurement Online (international e-invoicing network)

Croatia Status:

- ☐ Croatia is **Peppol member** (since 2020)
- ☐ HR-FISK is **Peppol-compatible** (can receive Peppol invoices)
- ☐ EU Directive 2014/55/EU requires public sector (B2G) to accept Peppol invoices

Can ALAI Holding AS Send Invoices via Peppol from Norway?

- ☐ **YES** — Norway is Peppol founding member
- ☐ ALAI can register as **Peppol Participant** via Norwegian Peppol Access Point provider (e.g., Basware, Pagero, Visma)
- ☐ Send invoices to Croatian customers via Peppol network → Croatian customer's accounting system (or HR-FISK if customer is Peppol-connected) receives invoice automatically

B2B Peppol Acceptance (Not Just B2G):

- ⚠ **VOLUNTARY for B2B** (not mandated by Croatian law for private sector)
- If Croatian customer is Peppol-enabled → can receive Peppol invoice from ALAI
- If Croatian customer is NOT Peppol-enabled → must use alternative (PDF email, paper)

Outcome: ☐ **Peppol is viable alternative** for B2B invoicing IF Croatian customer accepts Peppol invoices. For B2C (Croatian consumers), Peppol less common (most consumers expect PDF or paper invoice).

5.3 Recommendation for HR-FISK Compliance

Phase 1 (0-50 clients, <€300K revenue):

1. **Issue invoices from Norway** (PDF or XML) via email
2. **Include reverse charge statement** (for B2B VAT-registered customers)
3. **Monitor Croatian Tax Administration guidance** (watch for clarification on foreign provider obligations)
4. **If Croatian customer requests HR-FISK invoice:** Offer Peppol alternative OR explain that foreign provider without Croatian entity cannot access HR-FISK (customer may accept PDF invoice)
5. **Legal opinion:** Consult Croatian tax lawyer by Q3 2026 for definitive ruling on foreign provider obligation

Trigger for Croatian Entity (for HR-FISK):

- If Croatian Tax Administration issues guidance **requiring foreign providers to use HR-FISK** → register d.o.o. (or j.d.o.o.) to obtain FINA certificate
- If >20% of prospects reject due to lack of HR-FISK compliance → consider d.o.o. registration for market access

Outcome: ⚠ **HR-FISK compliance = OPEN LEGAL QUESTION** — recommend pragmatic approach (test market without Croatian entity, monitor regulatory developments, pivot if needed)

Risk Flags — Require Local Croatian Legal/Tax Advisor

The following issues are **NOT definitively resolved** by this research memo and require confirmation by licensed Croatian attorney and/or tax advisor:

1. HR-FISK Obligation for Foreign Provider

- Does Fiscalization Act Art. 3 "taxable person" include Norwegian SaaS provider?
- Can Peppol invoices substitute for HR-FISK for B2B sales to Croatia?
- Penalty risk if foreign provider does not fiscalize (€500,000 fine — but enforceable against Norwegian entity?)

2. Permanent Establishment (PE) Risk — Future Hiring

- If ALAI hires Croatian employee (sales, customer support) working remotely from Croatia → does this create PE?
- If ALAI hires Croatian independent contractor (not employee) → PE risk?
- Threshold: how many Croatian-based staff trigger PE under Norway-Croatia treaty Art. 5?

3. j.d.o.o. Foreign Founder Eligibility

- Can Norwegian company (ALAI Holding AS) be founder of j.d.o.o.? OR only natural person (CEO Alem)?
- Some sources say j.d.o.o. founder must be natural person; others say foreign legal entity allowed if representative appointed

4. OSS vs Direct VAT Registration — Which is Better?

- If B2C sales >€10K, is Non-Union OSS always better than direct Croatian VAT registration?
- Cost-benefit: OSS quarterly filing (€0 fee but Norway admin) vs Croatian VAT monthly filing (potential local accountant €200/month)

5. Obrt/Paušalni Obrt Foreign Ownership — 2026 Update

- Has Croatian law changed post-2023 to allow EEA citizens (including Norway via EEA Agreement) to register obrt without residency?
- Current research suggests NO, but legal update possible (verify with Ministry of Economy or HITRO.HR)

6. FINA Certificate for Branch (Podružnica)

- Can Norwegian company branch obtain FINA certificate? OR only Croatian d.o.o.?
- Some sources suggest branch eligible, but FINA website ambiguous

Recommendation: Engage Croatian law firm specializing in foreign investment + tax advisory firm for 2-hour consultation (estimated cost: €500-€1,000). Provide this memo as background; ask for definitive answers on items 1-6 above.

Next Steps — Actionable Roadmap

Immediate (Q2 2026 — Before First Croatian Customer)

1. ☐ **Decide Entity Strategy:**

- If revenue forecast <€300K/year in Croatia → **No Croatian entity** (direct sale from Norway)
- If revenue forecast >€300K OR HR-FISK mandatory for foreign providers → **d.o.o. or j.d.o.o.**

2. ☐ **OIB Decision:**

- If registering Croatian entity → CEO Alem obtains OIB (via Croatian embassy in Oslo)
- If no Croatian entity → defer OIB (not needed for initial sales)

3. ☐ **VAT Compliance Setup:**

- Implement **reverse charge invoicing** for B2B customers (validate customer VAT ID via VIES)
- Monitor B2C sales; register for **Non-Union OSS** if approaching €10K threshold (via Norwegian Skatteetaten)

4. ☐ **Legal Opinion (HR-FISK):**

- Engage Croatian tax lawyer by **June 30, 2026** for written opinion on HR-FISK obligation for foreign provider
- Cost: ~€500-€1,000 (2 hours consultation + written memo)
- Recommended firms:
 - Divjak, Topic & Bahtijarevic (DTB) — Zagreb (EU/tax specialists)
 - Croatian Law Firm (CLF) — Zagreb (foreign investment focus)
 - Contact via email with this research memo attached

5. ☐ **Peppol Registration (If No Croatian Entity):**

- Register ALAI Holding AS as Peppol Participant via Norwegian Access Point provider
 - Recommended: **Pagero Norway** (<https://www.pagero.com/no/>) or **Visma AutoInvoice** (<https://www.visma.no/autoinvoice/>)
 - Cost: ~€50-€200/month (volume-based)
 - Timeline: 1-2 weeks
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Short-Term (Q3 2026 — After First 10-20 Customers)

6. ☐ **Monitor Sales Mix:**
 - Track B2B vs B2C ratio
 - Track total EU B2C sales (for OSS €10K threshold)
 - Track customer feedback on invoice format (do they request HR-FISK?)
 7. ☐ **Evaluate d.o.o. Registration:**
 - If >20% prospects require local entity OR HR-FISK mandatory → prepare d.o.o. registration
 - CEO Alem decides: j.d.o.o. (€1 capital, personal founder) vs d.o.o. (€2,630 capital, company founder)
 - Engage Croatian corporate lawyer for registration (cost: ~€1,000-€2,000 including court fees)
 8. ☐ **Croatian Bank Account (If d.o.o. Registered):**
 - Open business account with Croatian bank (recommend: Zagrebačka banka or Privredna banka Zagreb — foreigner-friendly)
 - Requires: OIB, d.o.o. registration, founder ID, proof of business activity (Bilko website, contracts)
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Medium-Term (Q4 2026-Q1 2027 — Scale-Up Phase)

9. ☐ **Hire Croatian Accountant (If d.o.o.):**
 - Engage Croatian accounting firm for monthly bookkeeping + annual FINA filing
 - Cost: ~€500-€1,000/month (depending on transaction volume)
 - Recommended: firms with foreign SMB clients (English-speaking)
 10. ☐ **Permanent Establishment Review:**
 - If hiring Croatian employees/contractors → consult Norwegian + Croatian tax advisor on PE risk
 - Document: employee role (sales vs support), contract authority, work location
 - Goal: avoid accidental PE creation (triggers Croatian CIT on attributable profits)
 11. ☐ **Annual Compliance (If d.o.o.):**
 - File annual financial statements with FINA by **April 30** each year
 - File Croatian CIT return (if d.o.o. profitable) by **April 30**
 - Pay Croatian CIT: 10% (if revenue <€1M) or 18% (if >€1M)
 - Transfer profits to Norwegian parent (10% WHT on dividends, creditable in Norway per treaty)
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Sources Cited

This research memo is based on the following Croatian and Norwegian legal sources:

Croatian Legal Framework

1. **Zakon o trgovačkim društvima** (Companies Act), Narodne novine (NN) 111/93, consolidated with amendments through NN 40/19
URL: <https://www.zakon.hr/z/546/Zakon-o-trgova%C4%8Dkim-dru%C5%A1tvima>
 2. **Zakon o porezu na dodanu vrijednost** (VAT Act), NN 73/13, consolidated with amendments through NN 138/21
URL: <https://www.zakon.hr/z/392/Zakon-o-porezu-na-dodanu-vrijednost>
 3. **Zakon o porezu na dobit** (Corporate Income Tax Act), NN 177/04, consolidated with amendments through NN 138/21
URL: <https://www.zakon.hr/z/85/Zakon-o-porezu-na-dobit>
 4. **Zakon o obrtu** (Crafts Act), NN 143/13, consolidated with amendments through NN 127/19
URL: <https://www.zakon.hr/z/418/Zakon-o-obrtu>
 5. **Zakon o fiskalizaciji** (Fiscalization Act), NN 115/16
URL: https://narodne-novine.nn.hr/clanci/sluzbeni/2016_11_115_2516.html
 6. **Zakon o osobnom identifikacijskom broju** (Personal Identification Number Act), NN 60/08
URL: <https://www.zakon.hr/z/320/Zakon-o-osobnom-identifikacijskom-broju>
 7. **Croatian Tax Administration (Porezna uprava)** — VAT and fiscalization guidance
URL: <https://porezna-uprava.gov.hr/>
 8. **FINA (Financial Agency)** — HR-FISK 2.0 documentation
URL: <https://www.fina.hr/> and <https://hr-fisk.fina.hr/>
 9. **HITRO.HR** — Croatian company registration portal
URL: <https://hitro.hr/>
 10. **Pravilnik o fiskalizaciji** (Fiscalization Regulation), NN 37/21
URL: https://narodne-novine.nn.hr/clanci/sluzbeni/2021_04_37_713.html
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Norway-Croatia Tax Treaty

11. **Convention between the Kingdom of Norway and the Republic of Croatia for the Avoidance of Double Taxation** (November 14, 2013, in force December 30, 2014)
Norwegian text: <https://lovdata.no/dokument/TRAK/traktat/2013-11-14-4>
Croatian publication: NN-MU 1/2015
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EU/International Framework

12. **EU VAT Directive 2006/112/EC** (place of supply rules, Arts. 44, 58)
URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32006L0112>
 13. **EU Directive 2014/55/EU** (electronic invoicing in public procurement — Peppol)
URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0055>
 14. **OECD Model Tax Convention on Income and on Capital** (2017 version, Art. 5 PE, Art. 7 Business Profits, Art. 12 Royalties)
URL: <https://www.oecd.org/tax/treaties/>
 15. **OECD BEPS Action 1** (2015/2017) — Addressing the Tax Challenges of the Digital Economy
URL: <https://www.oecd.org/tax/beps/beps-actions/action1/>
 16. **EU VIES System** (VAT Information Exchange System) — Croatian VAT ID verification
URL: https://ec.europa.eu/taxation_customs/vies/
 17. **Peppol Network Documentation** — Croatia as Peppol Authority
URL: <https://peppol.org/> and <https://www.fina.hr/peppol>
-

Norwegian Framework

18. **Norwegian Tax Administration (Skatteetaten)** — Non-Union OSS registration
URL: <https://www.skatteetaten.no/en/business-and-organisation/vat-and-duties/vat/foreign-businesses/oss/>
 19. **Norwegian Companies Register (Brønnøysundregistrene)** — ALAI Holding AS registration
URL: <https://www.brreg.no/> (Org.nr 932 516 136)
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Evidence Count

Total sources cited: 19 (10 Croatian legal acts, 1 bilateral treaty, 6 EU/OECD instruments, 2 Norwegian regulatory sources)

Primary legal acts analyzed: 6 (Companies Act, VAT Act, CIT Act, Crafts Act, Fiscalization Act, OIB Act)

Unresolved legal questions flagged: 6 (see Risk Flags section)

Recommendation: Engage licensed Croatian attorney for definitive legal opinion (estimated cost €500-€1,000, 2-4 hour consultation).

Document Status

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Date: 2026-05-28

Author: Lexicon (ALAI Legal/Compliance Subagent)

Reviewer: Pending (requires CEO Alem Basic + Croatian legal counsel review)

Next Review: Q3 2026 (after Croatian Tax Administration clarifies foreign provider HR-FISK obligations)

Disclaimer: This document is an internal research memo for ALAI Holding AS management. It does NOT constitute legal advice. Final decisions on entity structure, tax compliance, and HR-FISK obligations MUST be confirmed by licensed Croatian attorney and tax advisor before implementation.

END OF MEMO

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