



# Introduction of the Euro as the official currency

## **GUIDE**

July 2022



## Basic information

From 1 January 2023, the Republic of Croatia officially enters the Eurozone, therefore, from that date, the official currency in the Republic of Croatia will be the euro.

The established fixed  
conversion rate is  
 $1 \text{ EUR} = 7,53450 \text{ HRK}$

The Law on the introduction of the euro (OG 57/2022) as the official currency in the Republic of Croatia, prescribed the middle exchange rate of the Croatian National Bank for the kuna in relation to the euro on 31 December 2022 which will be equal to the fixed conversion rate. All balances, receivables and liabilities are transferred and converted using a fixed conversion rate in accordance with the rules for conversion and rounding as the initial balance on 1 January 2023 into the official currency, the euro.

The conversion itself via a fixed conversion rate will be based on the rounding rule to 3 decimal places, that is:

- if during the conversion the third decimal place is less than 5, the second decimal place remains unchanged;
- if during the conversion the third decimal is 5 or more, the second decimal is rounded to a higher decimal.

Conversion of third currencies (e.g., USD or GBP) is carried out as follows:

- 1) on 31 December 2022, the amount in a third currency is recalculated in kunas using the CNB's middle exchange rate for the currency in question (e.g., for USD, the CNB's middle exchange rate for USD as of 31 December 2022 is used),
- 2) the amount obtained in this way is converted into euros using a fixed conversion rate on 1 January 2023

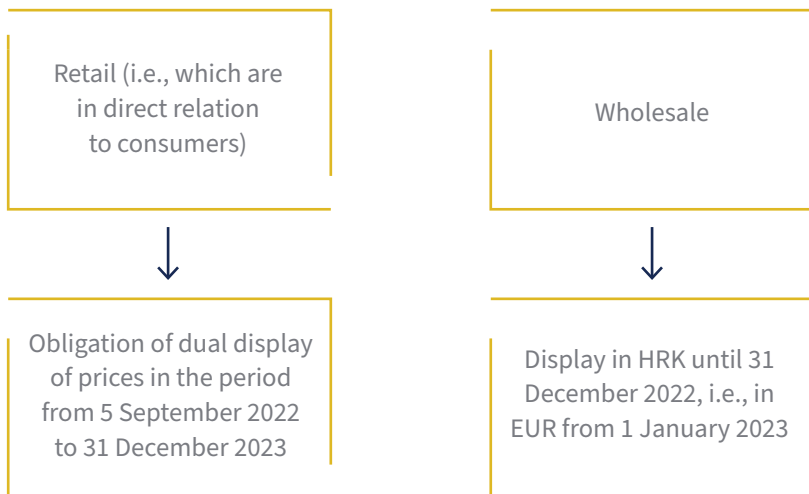


## Indication during sales

Obligations of undertakings related to price indication depend on the business method:

- undertakings operating exclusively as wholesale distributors (i.e., sales and billing are done cashless, that is, by payments through a transaction account), indicate prices on their sales invoices until 31 December 2022 exclusively in kunas, and from 1 January 2023 in euros;
- undertakings operating as retail (including cash payment and card payment) are obliged to display prices both in euros and kunas. The above implies that in the period from 5 September 2022 until 31 December 2023, in their communication with consumers, they have the obligation to state prices in both kunas and euros using a fixed conversion rate.

In doing so, it is important to state that the obligation of indicating both prices applies **exclusively on the direct relationship with consumers** (as defined by Law on Consumer Protection OG 19/2022). The above implies a relationship with consumers in retail, while wholesalers are not obliged to dual display of prices.





### **Dual display of prices must be indicated in the following places:**

- in the business premises at the point of sale or on the goods, or on the price list if it is a service
- on the website
- in an offer or contract on a durable medium
- in the notice given to the consumer before or during the conclusion of off-premises and distance contracts
- during advertising in any form, offering the sale of goods or services
- in the reminder and other notice of outstanding debt delivered to the consumer, the total amount of debt
- through other forms of price displaying.

Dual display should be unambiguous, easily visible and legible, and when recalculating, the full amount of the fixed conversion rate must always be used. In addition to the indication in question, there is also an obligation to clearly indicate the fixed conversion rate in a visible place in the sales area and the place of service provision. The fixed conversion rate must be indicated on the website and on self-payment devices in a clear, legible, visible and easily discernible way, and it must be clearly communicated through telephone sales.

### **Dual display of prices does not apply to the following undertakings:**

#### **1. a business entity when it sells goods and provides services in one of the following ways:**

- a) via vending machines
- b) on a stand and bench at a retail market
- c) on a stand and bench outside the retail market
- d) on a stand and bench inside the shopping center and establishment
- e) via kiosk
- f) via itinerant trading
- g) in the production facility of family farms and in the facility of a private land lord who provides catering services in the household



- h) in the production facility of a legal or natural person who owns a privilege for aquaculture or a privilege for farming fish and other marine organisms
- i) appropriate sales at fairs, exhibitions and the like
- j) in a warehouse, trap yard and similar facilities selling agricultural planting material

**2. certain forms of price display where dual display would cause disproportionate costs to the business entity, such as:**

- a) gas station totem, fixed panel and other fixed poles with the indicated price, generator and charging station for electric vehicles
- b) TV interface for the purpose of selling the service
- c) cash register screen and self-service device for the sale of goods and services
- d) a discount coupon and a coupon in the value of the returned goods
- e) device for self-reading the price in the store
- f) lottery games
- g) fun games
- h) the price amount of the airplane ticket
- i) the price amount on the scale and the sticker with the weighed price
- j) taximeter.

**3. the business entity is not obliged to dually display the price and another monetary statement of value:**

- a) deposit refund on packaging
- b) deposit refund visible on the automated waste packaging collection device
- c) the price printed on the book and other periodical publication
- d) value and amount indicated on the shipment and money order
- e) the value printed on the revenue stamp
- f) the value printed on the postage stamp and the franked stamp or other appropriate mark on the paid postage
- g) the value shown for a prepaid electronic communication service
- h) the value and amount stated on the payment order issued on the basis of an invoice or other individual act, i.e., based on the displayed price in the manner referred to in paragraph 1 of this article
- i) the value shown on the payphone card



- j) the value printed on the SIM card packaging
- k) the value printed on the gift card and value card
- l) the price printed on the ticket
- m) the price printed on the ticket for the passenger transport service
- n) value on the document that is issued in accordance with EU norms and the prescribed XML schema.

For the exceptions in question, there is an obligation to display prices in kunas until 31 December 2022, i.e., in euros from 1 January 2023.

### **Indication during salary calculation**

For the payment of salaries, salary compensations, severance pay and other material rights to employees starting from 5 September 2022, and until 31 December 2023, there is an obligation of dual display of the total amount paid.

The salary and other fees for December 2022, which are paid from 1 January 2023, are paid in euros. In order for the salary for December 2022, together with all benefits, to be paid in euros, it is necessary to calculate the salary in kunas.

*If you pay the salary for August on 5 September 2022 or later, you are obliged to indicate the amount of salary for August in HRK and EUR. If the salary for August is paid until 4 September 2022, dual display of the amount is not required.*

*Although the salary for December 2022 will be paid in 2023 in euros, due to adequate recording in the business books, it will be necessary to provide recapitulation lists in kunas.*

The obligation for the calculated salary for December 2022 is recorded in the business books in kunas, which is why it is necessary to express the recapitulation items in kuna for adequate recording. At the end of the business year 2022, the salary obligation for December 2022 is transferred to the initial balance in 2023 and is converted into euros using a fixed conversion rate and in accordance with the rules for conversion and rounding. Upon payment of the salary in euros in January 2023, the transferred obligations from 2022 are closed.

Service contracts, royalties and related obligations of the business entity for the payment of other taxable income will be handled in the same way. The exception to dual display refers to calculations of travel orders. In case of advances for the official trip paid until 31 December 2022 and calculated after 1 January 2023 in the period of dual circulation (1 January -14 January 2023), employees can return the excess advance to the treasury either in kunas or in euros.



## Payments

Starting from 1 January 2023, all transactions are settled in euros. The exception is the period of dual circulation of the first 14 days (1 January -14 January 2023), when kuna can also be used as a legal means of payment in retail sales. If the payments are cashless, they will be exclusively in euros, since from 1 January 2023 commercial banks will convert all funds on transaction accounts (legal and natural persons) from kuna to euros.

*During the period from 1 January -14 January 2023 companies that have organized retail must ensure payments in both kunas and euros by customers. Refunds to customers must be in euros (in exceptional situations refunds can also be arranged in kunas).*

Sumarni pregled izdavanja i plaćanja u ovisnosti o datumima dan je u nastavku:

Date of business event:	Date of issuing of the invoice:	Payment date:	Currency of the invoice:	Currency of entries in business books:	Payment currency:
15 Dec 2022.	15 Dec2022.	until 31 Dec 2022.	HRK	HRK	HRK
15 Dec 2022.	15 Dec 2022.	20 Jan 2022.	HRK	HRK	EUR
15 Dec 2022.	15 Jan 2022.	30 Jan 2022.	EUR	EUR	EUR
15 Dec 2022.	15 Jan 2022.	30 Jan 2022.	EUR	EUR	EUR

## Contractual relationships

In accordance with the principle of contract continuity, existing contracts with amounts in kuna after 1 January 2023 are still valid. Monetary statements of value in the mentioned contracts, on the date of introduction of the euro as the official currency, will be considered monetary statements in euro with the application of a fixed conversion rate and in accordance with the rules for conversion and rounding. The above also applies to employment contracts. For contracts that are concluded with partners outside the eurozone it is proposed to add a clause on the euro, which, in the case of the duration of the contract even after the official day of introduction of the euro, would establish by agreement that the euro will be the valid currency.



## Indication in financial accounting

The accounting document (invoice, payment slip, giro account statement, delivery note, purchase order, receipt, etc.) on the basis of which business events are entered in the business books must be expressed in the official currency. In the period until 31 December 2022, the accounting document is in kunas, and in the period from 1 January 2023, it is expressed in euros. At the same time, balances on individual accounts in financial accounting as of 31 December 2022 are transferred to euro using a fixed conversion rate as the initial balance on 1 January 2023.

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The moment of occurrence of a business event	Method of display
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Accounting documents with the date of the business event and the date of issue before and on 31 December 2022

Accounting documents with the date of the business event and the date of issue before and on 31 December 2022, regardless of when they were received and whether they contain dual amounts (HRK and EUR), are issued and entered in the business books for 2022 in kunas.

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Accounting documents with the date of the business event before and on 31 December 2022, issued in the period after 1 January 2023

Accounting documents with the date of the business event before and on 31 December 2022 and with the date of issue in the period after 1 January 2023, regardless of whether they contain dual amounts (HRK and EUR), are issued in euro and entered in the accounting books for 2022 in kunas, until the accounting books for 2022 are closed .

The above also applies to cancelled accounting documents from 2022. If you issue cancelled accounting documents from 2022, in the period after 1 January 2023, the amount in such document must be expressed in euros.

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Accounting documents with the date of the business event and the date of issue from 1 January 2023 onwards

Accounting documents with the date of the business event and the date of issue after 1 January 2023, regardless of whether they contain dual amounts (HRK and EUR), are issued and entered in the business books for 2023 in euros.



## Financial reports

Since most undertakings have a business year identical to the calendar year, the above implies that they will:

- prepare financial reports for 2022 in kunas (regardless of the submission deadline in 2023);
- prepare financial reports for 2023 in euros, while the comparative data for 2022 will be converted into euros using a fixed conversion rate.

Tax benefits are reported in the same way:

- income tax returns and monthly value added tax returns for 2022 are submitted in kunas, while for 2023 in euros;
- applications related to the calculation of salary and other income (JOPPD form) are submitted in the currency depending on the time of payment - that is, the JOPPD form for the payment of salary for December 2022, which is paid in January 2023, will be made in euros. The salary payment for November 2022, which will be paid in December 2022, will be made in kunas.

## Useful links

- *Law on the introduction of the euro as the official currency in the Republic of Croatia (Official Gazette 57/2022 of 20 May 2022)* – [https://narodne-novine.nn.hr/clanci/sluzbeni/2022\\_05\\_57\\_803.html](https://narodne-novine.nn.hr/clanci/sluzbeni/2022_05_57_803.html)
- *Guidelines for adjusting the economy in the process of replacing the Croatian kuna with the euro issued by Coordinating Committee for Economic Adjustment and Consumer Protection, June 2022* – <https://euro.hnb.hr/-/revidirana-verzija-smjernica-za-prilagodbu-gospodarstva-u-procesu-zamjene-hrvatske-kune-eurom>
- *Code of ethics when converting kuna to euro* – [https://mingor.gov.hr/UserDocsImages/slike/Vijesti/2022/Etički\\_kodeks-tekst-final\\_2022.pdf](https://mingor.gov.hr/UserDocsImages/slike/Vijesti/2022/Etički_kodeks-tekst-final_2022.pdf)



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