


Financing adult learning database

Name of the instrument - Local language	Državna potpora za obrazovanje i izobrazbu
Name of the instrument - English translation	State aid for education, training and research and development projects
Scheme ID	95
Country	 Croatia
Reporting year	2020
Type of instrument	Tax incentive for companies
Sub-type of instrument	Incentive for promoting training
Type of entry	Single instrument

Short description	<p>Companies can deduct the costs of training their employees from their tax base. The share of the costs that can be deducted depends on the size of the company and the type of education and training. The reduction can be up to 70% (80% for SMEs) of the cost of general adult education and training, and 35% (55% for SMEs) of the cost of specific education and training. If general education and training and special education and training are performed outside the place of residence or stay of workers, the costs include transportation and accommodation costs up to the amount of actually incurred costs and subsistence costs, in accordance with income tax regulations. An entrepreneur whose facilities or workshops practical classes and apprenticeship exercises are performed for occupations in the system of related trades and craft may reduce the basis for calculating income tax or income from self-employment by the number of prizes paid to students during practical classes and apprenticeship exercises.</p>
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Level of operation	National
Name of a part of the country	Not applicable
Name of the region (for regional instruments)	Not applicable
Name of the sector (for sectoral instruments)	Not applicable

Relevance	Key instrument
Legal basis	The Act on State Subsidy for Education and Training. This Act modifies the Profit Tax Act e.g. the Profit Tax Act, Art. 6, para 1, point 7.
Objective(s) and target(s)	The Act aims to stimulate investment in education in the private sector and thus contribute to increasing the competitiveness of the Croatian economy. The objective is also to improve the qualification structure of employees, secure existing jobs, achieve greater employability of disadvantaged workers as well as longer retention of workers at one job.
Year of implementation	2007
Operation/management	Under the new State Aid Act adopted by the Croatian Parliament on 4 April 2014 the Ministry of Finance as the central public administration authority is given the sole competence in the area of State aid.
Eligible group(s)	SMEs, crafts and large enterprises
Group(s) with preferential treatment	There is preferential treatment for disadvantaged workers. The beneficiary of state aid may increase the reduction of the tax base of income tax or income from self-employment by 10 percentage points in the case of education and training of disadvantaged workers. A disadvantaged worker is: 1. Any worker under the age of 25 who has not previously found any job with a regular salary. 2. Any worker with a disability resulting from a physical, mental, or psychological impairment, who is able to participate in the labor market. 3. Any worker who has been re-employed after a break of at least three years, and in particular, any worker who has been re-employed after having ceased to work because of difficulties in reconciling his work and family life, six months from his re-employment, ie a worker who has been employed after exercising parental and family rights regulated by special regulations. 4. Any worker older than 45 who has not acquired a secondary school or secondary education. 5. Any long-term unemployed worker (i.e. a worker who has been unemployed for twelve consecutive months). This term is applied to a worker for the period of the first six months after his re-employment. 6. A worker is also a craftsman who personally works in a trade. Eligible costs of general education and training and special education and training are recognized only for workers benefiting from state aid and must be related to the activity of the beneficiary of state aid.
Education and training eligible	a) General education and training - includes education and training that are not directly and primarily intended for the current or future job of an employee employed by an entrepreneur who uses the tax relief for education and training, but enable the acquisition of qualifications that are largely transferable to other entrepreneurs or to other jobs and areas, thereby significantly improving the employability of workers. b) Special education and training - includes education and training that is directly and primarily intended for the current or future job of a worker

	employed by the entrepreneur who uses the tax relief for special education and training and enables the acquisition of qualifications that are not transferable to other entrepreneurs or other work areas, or which are only partially transferable. c) Apprenticeship, in accordance with the regulations governing crafts, in the field of education for craft occupations.
Source of financing and collection mechanism	State (loss of tax revenue)Company
Financing formula and allocation mechanisms	There is preferential treatment for disadvantaged workers. The beneficiary of state aid may increase the reduction of the tax base of income tax or income from self-employment by 10 percentage points in the case of education and training of disadvantaged workers. A disadvantaged worker is: 1. Any worker under the age of 25 who has not previously found any job with a regular salary. 2. Any worker with a disability resulting from a physical, mental, or psychological impairment, who is able to participate in the labor market. 3. Any worker who has been re-employed after a break of at least three years, and in particular, any worker who has been re-employed after having ceased to work because of difficulties in reconciling his work and family life, six months from his re-employment, ie a worker who has been employed after exercising parental and family rights regulated by special regulations. 4. Any worker older than 45 who has not acquired a secondary school or secondary education. 5. Any long-term unemployed worker (i.e. a worker who has been unemployed for twelve consecutive months). This term is applied to a worker for the period of the first six months after his re-employment. 6. A worker is also a craftsman who personally works in a trade. Eligible costs of general education and training and special education and training are recognized only for workers benefiting from state aid and must be related to the activity of the beneficiary of state aid.
Eligible costs	Eligible costs: 1. Tuition fees at primary and secondary schools, higher education institutions, and other educational institutions where primary, secondary and higher education is acquired, including postgraduate studies and doctoral studies; 2. Fees for attending seminars, courses, and congresses, costs of specializations, and other forms of education and training in the country and abroad; 3. Lecturers and instructors and costs of consultations related to education and training projects; 4. Professional literature (books, magazines) in paper or electronic form. Professional literature does not include public media of state administration bodies, regional self-government bodies, local self-government bodies, and institutions owned by them; 5. Write-off (depreciation) of devices, aids, and equipment used in education and training, in accordance with the scope of their use for that purpose.
Volumes of funding	Not available
Beneficiaries/take up	Not available
Organisation responsible	Croatian Ministry of Finance

for monitoring/evaluation	
Monitoring/evaluation reports available	Not available
Most relevant webpage - in English	http://www.etf.europa.eu/webatt.nsf/0/8EF018AE9B5BAD9FC12579F400651CDD/...
Most relevant webpage - local language	https://www.zakon.hr/z/501/Zakon-o-dr%C5%BEavnoj-potpri-za-obrazovanje...
Recent changes	<p>No recent amendment</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
Sources	<p>Government of the Republic of Croatia</p> <p>Government of the Republic of Croatia</p> <p>Guidelines for State Aid Policy for the period 2018-2020. Official Gazette 2/18. https://narodne-novine.nn.hr/clanci/sluzbeni/full/2018_01_2_60.html</p> <p>The Act on State Subsidy for Education and Training, Official Gazette, 109/07, 134/07, 152/08, 14/14 https://www.zakon.hr/z/464/Zakon-o-dr%C5%BEavnim-potporama</p> <p>https://www.porezna-uprava.hr/baza_znanja/Stranice/PorezNaDobitOslobodj... Website of the Ministry of Finance, Tax Administration</p>