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## MANDATORY INSURANCE FOR BOARD MEMBERS AND EXECUTIVE DIRECTOR

Board members and executive directors who are not compulsorily insured in Croatian pension and health insurance fund, should be independently insured. The obligation also applies to board members - foreigners (non-residents). Contributions are settled per the decision of the Tax Administration and those *contributions do not represent company's costs but board member/director pays it by himself.*

The obligation for registration on compulsory insurance arises with the date of entry into the court register, i.e. within 8 days from the date of that entry. After registration on Compulsory Insurance, Tax Administration issues a decision based on which contributions are paid.

The monthly base for calculating contributions, the average monthly gross earning per person employed in legal entities and for the year 2017 amounts HRK 7,739.00.

The calculation is shown in the table below:

CALCULATION BASE		7.739,00
DESCRIPTION	PERCENTAGE	AMOUNT
Pension insurance - I. pillar	15,00%	1.160,85
Pension insurance - II. pillar	5,00%	386,95
Health insurance	15,00%	1.160,85
Employment contribution	1,70%	131,57
Health insurance – injury and prof. disease	0,50%	38,70
<b>TOTAL COST FOR BOARD MEMBER AND/OR EXECUTIVE DIRECTOR</b>		<b>2.878,92</b>

If Croatia has concluded an agreement on social insurance with the state of non-resident, then based on that agreement the compulsory insurance is excluded. If the non-resident obtains a certificate of foreign holder of compulsory insurance that insurance is applicable in member state, he/she is exempt from all compulsory contributions in Croatia and this stands regardless of whether the board member or his paid receipts arose from the performance of other independent activities or occasional employment.

There is an option were company can have procurator. Procurator may enter into all contracts and take legal action on behalf of a company and represent company in proceedings before state authorities. Procurator is not compulsorily insured under any regulation prescribing obligations of compulsory insurance.

BENKO KOTRULJIĆ Ltd.  
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