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## New Updates to the Companies Act in Croatia – January 2023

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In this newsletter, we provide an overview of the:

- ✓ obligation of Croatian companies in connection with an adjustment of their share capital; and
- ✓ deadlines for the implementation of these obligations.

# New rules regarding the obligation of companies to express share capital in euros



## Since when?

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On 1 January 2023, **the euro became the official currency of the Republic of Croatia**. As a result, a number of laws in Croatia have been amended. **The changes mostly apply to amounts that were previously regulated in Croatian kuna.**

**The amendments** to the Companies Act ("**Act**"), which came into force on 1 January 2023, **prescribe the conversion of share capital from kuna to euros as a main obligation of companies**. Amounts from kuna are converted in accordance with the rules of the Law on the introduction of the euro as official currency (Official Gazette 57/22, 88/22) and are rounded to the nearest cent.



## Consequence of the failure to fulfil the new obligation – liquidation of the company

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If a joint-stock company, a limited liability company or a simple limited liability company **does not submit an application** to register its share capital changes and its shares **within the prescribed period**, this **will be considered**, on the day following the deadline, **as grounds for termination of the company**, which the registration court will register in the court registry ex officio.

# A. Joint-stock Companies

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## Share Capital & Shares

- ✓ the lowest amount of **share capital** is **25,000 EUR**;
- ✓ the lowest **nominal amount of one share** is **1 EUR**;
- ✓ nominal amounts of shares must be expressed as whole numbers.



## Obligation

Joint-stock companies are **obliged to convert into euros the current amount** of their share capital, the nominal amount of shares and all amounts expressed in their statutes in kuna **in such a way that they are expressed as a whole number**.



## Period to submit changes to the court registry

Joint-stock companies are obliged to submit to the court registry an application to register a change in the amount of their share capital and parts attributable to shares

- ✓ until **1 January 2024**, or
- ✓ **at the time of the first change** in the share capital, or merger, division or exchange of shares with a nominal amount into those without a nominal amount, if such an event occurs before 1 January 2024.

## B. Limited Liability Companies

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### Share Capital & Shares

- ✓ the lowest amount of **share capital** is **2,500 EUR**;
- ✓ the lowest **nominal amount of one share** is **10 EUR**;
- ✓ the nominal amount of shares must be expressed as a number that is a multiple of the number ten.



### Obligation

Limited liability companies are **obliged to convert into euros the current amount** of their share capital, shares and all amounts specified in their Articles of Association in kuna **so that they are multiples of the number ten**.



### Period to submit changes to the court registry

Limited liability companies are obliged to submit to the court registry an application to register a change in the amount of their share capital and parts attributable to shares

- ✓ until **1 January 2026**, or
- ✓ **at the time of the first change** in the share capital, i.e., merger or a division of shares, if such an event occurs before the above deadline.

## C. Simple Limited Liability Companies

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### Share Capital & Shares

- ✓ the lowest amount of **share capital** is **1 EUR**;
- ✓ the lowest **nominal amount of one share** is **1 EUR**;
- ✓ share capital and shares must be expressed in a full euro amount.



### Obligation

**Although no deadline is prescribed** for simple limited liability companies, it is certain that **the rules governing the status of limited liability companies will apply to simple LLCs as well**. On these grounds, simple limited liability companies are **obliged to convert into euros** the current amount of their share capital, shares and all amounts that are specified in their Articles of Association in kuna **so that they are multiples of the number one**.



### Period to submit changes to the court registry

Limited liability companies are obliged to submit to the court registry an application to register a change in the amount of their share capital and parts attributable to shares:

- ✓ until **1 January 2026**, or
- ✓ **at the time of the first change** in the share capital, i.e., merger or division of shares, if such an event occurs before the above deadline.

## D. Limited Partnerships

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### Obligation

The amount of a limited partner's stake entered in kuna in the court registry **will be converted into euros on 1 January 2023** in accordance with the conversion rules prescribed by the Act **and rounded to whole numbers of euros**. The currency conversion will be registered in the court registry **ex officio** by the registration court.



### Period to submit changes to the court registry

The members of limited partnerships are obliged to harmonize their Articles of Association:

✓ by **1 January 2024**

so that the amounts of the shares of the limited partners are rounded to whole numbers of euros, and further, to submit an appropriate application to the registration court in order to register the changes in the Articles of Association and the amount of the limited partners' shares.

For more details, please contact our  
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