

Track Changes

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November 2019

CROATIAN ULTIMATE BENEFICIAL OWNERS REGISTER: DEADLINE - 31 DECEMBER 2019

In line with the EU's 4th AML Directive, the Republic of Croatia has imposed an obligation on all locally established legal entities, as well as trusts and equivalent foreign entities, to register their ultimate beneficial owner(s) with a newly established register (the Register).

PERSONS QUALIFIED AS UBO(s)

The definition of an ultimate beneficial owner (**UBO**) comprises any natural person(s) who:

- ultimately **owns or controls** the entity through **(i) direct or (ii) indirect ownership** of a sufficient percentage of shares, voting rights or ownership interest in the entity, or
- has the **controlling position** over the assets of the entity via other means (such as through dominant influence or through the power to appoint senior management).

Only natural persons may qualify as UBO(s) – legal entities, as the ultimate shareholders, cannot be deemed UBOs. If no natural person can be identified as an UBO, the natural person(s) who hold the **position of senior managing official(s)** are considered to be UBO(s).

ENTITIES REQUIRED TO REGISTER

The obligation to register the UBO(s) with the Register is imposed on the following entities:

- **legal entities established in Croatia, which especially includes the following:**
 - joint stock companies (*dionička društva*), other than listed companies;
 - limited liability companies (*društva s ograničenom odgovornošću*);
 - limited and general partnerships (*komanditna i javna trgovačka društva*);
 - economic interest groupings (*gospodarska interesna udruženja*);
 - branch offices of foreign companies (*podružnice stranih trgovačkih društava*);
 - institutions (*ustanove*), associations (*udruge*), foundations (*zaklade i fundacije*);
- **trusts and equivalent foreign entities** (such as a fiduciary, *treuhand*, *fideicomisio* and other similar legal forms) **which have met the requirements stipulated by law** (special rules apply for determining UBO(s) of trusts and equivalent foreign entities).

DEADLINE FAST APPROACHING

Existing entities and trusts are obliged to register UBO information by **31 December 2019**.

Entities established after 1 December 2019 are obliged to register UBO information within **30 days from the date of establishment**, while trusts and equivalent foreign entities are required to report UBO information within **30 days from obtaining a Croatian PIN** (revised reporting requirements for trusts and trust-equivalent entities apply as of 1 January 2020).

The relevant UBO information that has been initially registered with the Register needs to be updated within **30 days** from the date on which the change of the UBO structure occurs.

TWO OPTIONS FOR REGISTRATION

The registration of UBO information with the Register may be performed in two manners:

- **electronic registration** – by using the web application of the Financial Agency; or
- **physical registration** – by filing prescribed forms with the Financial Agency's offices.

HEFTY FINES FOR NONCOMPLIANCE

Failure to timely register the UBO information with the Register may result in **fin**es of up to **HRK 350,000 (approx. EUR 47,000)** for the obliged entity, and up to **HRK 75,000 (approx. EUR 10,000)** for its representative(s). Increased fines apply in cases of more severe breaches.

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For more information about our services, please contact:



Luka Tadić-Čolić

Partner

luka.tadic-colic@wolftheiss.com



Borna Dejanović

Associate

borna.dejanovic@wolftheiss.com

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