Interest rates

Croatia

1 Is "statutory interest" provided for in the Member State? If so, how is "statutory interest" defined in this Member State?

Yes. Statutory default interest is the interest that a debtor with a pecuniary obligation has to pay on an outstanding claim. Therefore a debtor who fails to pay a pecuniary obligation on time also owes default interest, in addition to the principal amount.

2 If yes, what is the amount/rate and legal basis for it? If different rates of statutory interest are provided for, what circumstances and conditions apply?

Default interest is governed by Articles 29-31 of the Civil Obligations Act (*Zakon o obveznim odnosima*) (*Narodne Novine* (NN; Official Gazette of the Republic of Croatia) Nos 35/05, 41/08, 125/11, 78/15, 29/18, 126/21, 114/22 and 156/22, hereinafter referred to as 'the ZOO'). The provisions of the ZOO governing default interest apply unless separate legislation provides otherwise for specific persons and obligations. Under the ZOO, the statutory default interest rate on obligations arising from commercial contracts and contracts between a trader and a person governed by public law is to be determined on a semi-annual basis by increasing the interest rate applied by the European Central Bank to its most recent principal refinancing operation carried out before the first day of the current half of the calendar year by eight percentage points, and by three percentage points in the case of other obligations. The default interest rate applies for a period of one year.

Following the entry into force of the Act amending the Civil Obligations Act (NN No 114/22), since 1 January 2023 the baseline for calculating default interest has been the interest rate applied by the European Central Bank to its most recent principal refinancing operation carried out before the first day of the current half of the calendar year.

The Croatian National Bank (*Hrvatska narodna banka*) is obliged to publish the interest rate applied by the European Central Bank and in force as of 1 January and 1 July.

According to an announcement by the Croatian National Bank (NN No 1/23), the interest rate applied by the European Central Bank to its most recent principal refinancing operation and which has been in force since 1 January 2023 is 2.5% per annum.

The specific law prescribing the default interest rate for certain obligations is the Financial Business and Pre-Bankruptcy Settlement Act (*Zakon o financijskom poslovanju i predstečajnoj nagodbi*) (NN Nos 108/12, 144/12, 81/13, 112/13, 71/15, 78/15 and 114/22, hereinafter referred to as 'the ZFPPN'). The ZFPPN transposed into national law Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions. The ZFPPN applies to payment delays in commercial transactions between undertakings and between undertakings and persons governed by public law for the supply of goods or the provision of services against payment where the person governed by public law is the debtor.

According to the ZFPPN, the statutory interest for delayed payments is the benchmark interest rate plus eight percentage points. The benchmark interest rate is set by the European Central Bank and published in the Official Journal of the European Union. The benchmark interest rate for the first half of a particular year is the rate on 1 January of that year, whereas the benchmark interest rate for the second half of a particular year is the rate in force on 1 July of that year.

3 If necessary, is there further information available on how to calculate statutory interest?

The Croatian National Bank (*Hrvatska narodna banka*) is obliged to publish the interest rate applied by the European Central Bank and in force as of 1 January and 1 July. *Narodne Novine* can be accessed by clicking on the following link: https://narodne-novine.nn.hr/

4 Is there free online access available to the legal basis mentioned above?

Narodne Novine can be accessed free of charge by clicking on the following link: https://narodne-novine.nn.hr/

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