

## TAXES AND TOURISM IN CROATIA

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### ABSTRACT

In the latest extension of European Union, Croatia became its full member. Harmonization and adjustment process to the general European policy still lasts. At the same time, Croatia makes efforts to stabilize its economy, characterized by unemployment, lack of investments, high public consumption and decreased economic activities in general. In such situation, only tourism achieves positive results and it seems most of economic activities are directed to tourism. There are also great expectations from tourism, while is considered as possible generator of socio-economic development. Due to the actual impact on Croatian economy and society, tourism experiences certain changes, provided in order to improve quality of services and to adjust tourism offering to the current market trends. Therefore, tourism required different treatment which could stimulate its development and taxes in tourism are found as one of possible tools. Taxes in tourism could use as certain stimulus or benefit to tourism activities, although in actual situation where Croatian public sector significantly depends on the tax revenues and large tax levy, possibilities are limited. This paper provides an overview of taxes related to tourism in Croatia, analysing current situation in Croatia as member of EU. In this framework, data are given with aim to show possibilities and constraints of tourism development in Croatia, proposing some courses of action.

Keywords: *taxes, tourism taxes, tourism, Croatia*