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Američka gospodarska komora u Hrvatskoj | American Chamber of Commerce in Croatia

Zagreb, February 2026

# Increasing the Availability of Digital Payments in Croatia



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## Introduction

Since 2016, when AmCham Croatia began active engagement with public authorities on the topic of enabling card and online payments in public administration, Croatia has experienced a notable transformation in the field of digital payments. This evolution has been driven by broader digital transformation, evolving consumer expectations and a number of technological developments supported by commercial banks and fintech providers - such as the rise of mobile banking, QR payments and digital wallets. The transition delivered measurable benefits across public and private sectors - streamlining transactions, increasing fiscal transparency, helping reduce the shadow economy, reducing costs and improving accessibility for citizens and businesses alike.

Number of key government initiatives have supported this change. A pivotal step in this transition was the expansion of the *e-Građani* (e-Citizen) platform, which gave citizens secure access to a growing number of public services online. Another major milestone was the introduction of the *e-Pristojbe* (e-Fees) system, an initiative strongly supported by AmCham Croatia, which made electronic payment of administrative fees possible. Since its launch, e-Fees have expanded to cover hundreds of public services, with more integrations underway.

The adoption of the euro in 2023 further accelerated Croatia's harmonization with EU financial infrastructure, particularly through the full integration with the SEPA system. Another major step forward for Croatia's digital economy is the recent Fiscalization 2.0 project, which helped transform the national fiscal system. Measures such as mandatory e-invoicing, real-time tax reporting, and digital archiving have significantly reduced the administrative burden on businesses and advanced the digitization of transactions.

Despite significant progress, cash payments still account for 52% of all transactions in 2024 - well above the EU average - highlighting the need for continued efforts to accelerate the modernization of Croatia's payments landscape. While preserving cash as an option, Croatia should actively promote a pluralistic payments ecosystem that expands the availability and acceptance of digital payments across both the public and private sectors. AmCham Croatia remains committed to supporting Croatian authorities' efforts in increasing payments choice by providing insights, experiences, best practices from other European markets, as well as concrete proposals to further increase the availability of digital payments in Croatia.

## Electronic Payments Landscape in Croatia

The introduction of card and online payments in public administration in 2016 marked a turning point in modernizing Croatia's payment infrastructure, particularly in government services.

During this period, AmCham collaborated extensively with the Ministry of Public Administration, the Central State Office for the Development of the Digital Society, and FINA to enable card and online transactions between citizens and businesses and public authorities. A key result of this cooperation was AmCham's significant contribution to the *e-Pristojbe* (e-Fees) project.

This simple change led to a steady increase in the value of card transactions within public administration bodies, helping reduce administrative costs and processing time while significantly improving convenience for citizens and businesses. This initiative serves as a powerful model for the broader digital transformation of public services in the future, especially as digital adoption is expected to grow further.

The COVID-19 pandemic, coupled with growing demand for digital services, accelerated the move to digital and contactless transactions and drove digitization across public and private sectors. For instance, banks and fintech companies rapidly began rolling out improved mobile banking applications, QR code payment solutions, and digital wallets.

Overall, these developments had positive impact on digital payments adoption in Croatia:

- From 2015 to 2024, the number of cards increased steadily, growing from around 6.5 million to over 7.2 million total issued cards.

- As of 2024, Croatia has over two payment cards per capita – placing it among the highest in Central and Eastern Europe for card ownership.
- The adoption of payment cards in Croatia is on the rise, as evidenced by a 20% increase in the annual number of card transactions per citizen between 2023 and 2024, along with a 10% increase in the average number of domestic card payment transactions for the purchase of goods and services per capita during the same period<sup>1</sup>.
- In the same period the total number of transactions increased by 9.9%, while the total value of transactions rose by 17.5%.
- The number of Point-of-Sale (POS) terminals has expanded consistently over the past decade, growing from approximately 99.515 in 2014<sup>2</sup> to 142.354 terminals in 2024<sup>3</sup>, marking an increase of 43% in 10 years.

## Advantages of Digital Payments for the Economy

Digital payments significantly improve the efficiency, convenience, and security of financial transactions across society. By reducing the need for physical cash, they lower the risk of theft and loss, but also save time, improve accessibility, and enable seamless transactions across geographical boundaries. With the increasing adoption of smartphones and internet connectivity, digital payment systems (such as wearables) are becoming an integral part of everyday life, empowering individuals and organizations to manage their finances more effectively and securely.

**For businesses, both small and large,** digital payments directly impact growth, productivity and customer satisfaction. Small businesses benefit from faster settlements, easier access to e-commerce, and reduced administrative burden, while gaining valuable transaction data to support planning and marketing. Larger companies can scale operations more efficiently, securely process high transaction volumes, and integrate advanced solutions such as automated billing, subscriptions, and loyalty programs. Across all business sizes, digital payments improve transparency, simplify compliance and audits, and facilitate access to credit and investment.

**Citizens** benefit immensely from greater convenience, safety, and financial inclusion. Digital payments enable individuals to pay bills, transfer money, shop online and receive salaries or government benefits remotely. This is particularly important in rural or underserved areas where banking infrastructure may be limited. Reduced dependence on cash improves personal security, while digital records help individuals better manage their finances. Additionally, mobile wallets and banking apps offer financial services to people who previously had limited access to traditional banking, thus fostering greater economic participation.

**Governments** also gain substantially from wider use of digital payments through improved transparency, efficiency and revenue collection. With digital transactions, governments can more easily track financial flows, detect fraud, and reduce corruption. This strengthens public trust and accountability in public spending. Digital payments also make it easier and faster to disburse welfare programs, pensions, and subsidies directly to citizens, cutting down on administrative burden and leakages. Furthermore, the shift to digital payments expands the tax base, improves compliance, and enhances the ability to make data-driven policy decisions. On a macroeconomic level, the increased use of digital payments contributes to the formalization of the economy, supports financial stability, and fosters innovation in public services. An informal economy study on the effects of payment digitalization in Croatia, conducted in 2025 by Kearney and Visa, shows that a 10% increase in digital payments over five years could add €2 billion to GDP and boost tax revenues by €780 million, significantly reducing the size of the shadow economy.

<sup>1</sup> Available at: [https://www.hnb.hr/c/document\\_library/get\\_file?uuid=d1e9412b-cbe0-4bdb-9b0d-b744e73251e1&groupId=20182&p\\_auth=oBDtQ69L](https://www.hnb.hr/c/document_library/get_file?uuid=d1e9412b-cbe0-4bdb-9b0d-b744e73251e1&groupId=20182&p_auth=oBDtQ69L) Retrieved on 20 January 2026

<sup>2</sup> Available at: [https://www.hnb.hr/c/document\\_library/get\\_file?uuid=d1e9412b-cbe0-4bdb-9b0d-b744e73251e1&groupId=20182&p\\_auth=oBDtQ69L](https://www.hnb.hr/c/document_library/get_file?uuid=d1e9412b-cbe0-4bdb-9b0d-b744e73251e1&groupId=20182&p_auth=oBDtQ69L) Retrieved on 20 January 2026

<sup>3</sup> Available at: [https://www.hnb.hr/c/document\\_library/get\\_file?uuid=132f2db1-f0a5-c06a-4a0d-005913d4d6ac&groupId=20182&p\\_auth=SbwqJsrK](https://www.hnb.hr/c/document_library/get_file?uuid=132f2db1-f0a5-c06a-4a0d-005913d4d6ac&groupId=20182&p_auth=SbwqJsrK) Retrieved on 20 January 2026

# Examples of Best Practices from Other EU Countries

## Integration of Digital Payments into Public Services

**Italy – Unified e-Government Payments (PagoPA & IO App)<sup>4</sup>:** Italy created PagoPA, a centralized electronic payment platform for all public administration transactions. It serves as a funnel allowing citizens to pay taxes, fines and fees with their choice of payment method in a standardized way. The platform's impact is substantial: in 2025 PagoPA handled around €33 billion in payments to public entities. It is integrated into the national "IO" e-citizen mobile app, similar to the new Croatian e-Citizens app. The Italian version has about 37 million downloads and 4 million active monthly users. Through IO, Italians can seamlessly access government services, receive official documents, and make payments digitally.

**Estonia – Digital by Default Services<sup>5</sup>:** Estonia's e-government is a renowned success, offering virtually all public services online. A notable achievement is that roughly 98% of all tax declarations in Estonia are filed electronically via its user-friendly e-Tax system. Income tax returns are largely pre-filled using data from various databases, enabling most citizens to file their taxes in just 3–5 minutes. Citizens can pay any taxes or fees online (often through integrated bank links or cards) as part of the same portal. Estonia's experience shows that investing in secure digital infrastructure (e.g. digital ID and interoperable databases) makes public payments effortless, driving almost total adoption of e-government services.

**Poland - E-payments ("ePłatności"):** functionality in the *mObywatel* app enable users to view and pay obligations to public authorities - such as local taxes and fees - directly through the app or online portal. The service, currently in pilot phase in selected municipalities, is expanding as more local governments join. Users can check outstanding and past payments, pay securely via digital means, download receipts, and receive notifications of new obligations. Depending on the municipality, payments may include property tax, waste fees, and other local charges. Designed for simplicity and security, the system offers clear payment statuses and an intuitive process.

## Government Initiatives

**Italy – Legal Requirement to Accept Cards<sup>6</sup>:** To combat tax evasion and modernize commerce, Italy introduced laws obliging merchants to accept electronic payments, in addition to cash payments. Since mid-2022, all shops, restaurants, and businesses must accept card or digital payments for any amount – refusal can incur a €30 fine plus 4% of the transaction value. Italy also capped cash transactions (currently €5,000 in 2025) and offered tax credits to merchants on digital transaction fees. The enforcement of card acceptance (backed by fines) has rapidly expanded POS availability. Policymakers stress that cash handling carries hidden costs and fuels the shadow economy – an estimated €100 billion in Italy's unreported transactions. Early data indicates increased card usage in everyday commerce, suggesting that clear rules plus mild penalties can nudge even small vendors toward digital payments.

**Greece – Combating Evasion with e-Payments<sup>7</sup>:** Greece embarked on a bold strategy to reduce a notoriously large shadow economy. By law, all retailers and service providers in Greece must accept credit/debit cards, in addition to cash, and issue receipts for every transaction. The government also progressively lowered the threshold for mandatory electronic payments – currently any transaction above €500 must be non-cash. Moreover, Greece set strict cash transaction limits (initially €1,500 in 2011, now reduced further) and even allows businesses to refuse cash payments to encourage card use. These measures, coupled with public campaigns like "Apodixi, please" ("Receipt, please")

<sup>4</sup> Available at: <https://www.globalgovernmentforum.com/interview-why-e-payments-are-a-game-changer-for-digital-public-services-in-italy/#:~:text=First%20and%20of%20the%20taxes%2C%20in%20a%20standardised%20way> Retrieved on: 20 January 2026

<sup>5</sup> Available at: <https://investestonia.com/business-in-estonia/taxation/e-tax-system/#:~:text=e> Retrieved on: 20 January 2026

<sup>6</sup> Available at: <https://www.reuters.com/markets/europe/italy-targets-banks-cut-retailers-digital-payment-costs-lawmakers-say-2022-12-21/#:~:text=euros%2C%20based%20on%20their%20websites%20to%20cards%20could%20face%20possible%20penalties1> Retrieved on: 20 January 2026

<sup>7</sup> Available at: <https://www.imf.org/en/Publications/fandd/issues/2019/09/improving-tax-collection-in-greece-petrakis#:~:text=cash,transactions%20gap/#:~:text=systems%2C%20and%20the%20expansion%20of%20payments> Retrieved on: 20 January 2026

urging consumers to pay by card and ask for receipts, have yielded impressive results. A dramatic example came during the 2015 capital controls – with ATM withdrawals capped, Greeks flocked to electronic payments. In the first week after the cash limits, card usage in supermarkets jumped to 90% of transactions (from only 10–14% before). The number of new cards issued and POS installations surged by double digits. In the longer term, the recorded digital payments helped shrink Greece’s VAT gap (uncollected VAT) from 26% in 2015 to 17.8% by 2021, significantly boosting tax revenues. Greek authorities credit the expansion of e-payments – alongside e-invoicing and real-time fiscal data – with a 50% reduction in VAT losses over six years. This illustrates how mandates on electronic payments, enforced with audits and fines, can both modernize the payment landscape and improve fiscal outcomes.

**Other Noteworthy Measures:** Several European countries complement such efforts with tax incentives and consumer-focused programs. For example, Portugal introduced “receipt lotteries” awarding prizes to shoppers who pay digitally and collect receipts, aiming to make tax compliance engaging. Many EU states impose lower cash transaction caps compared to Croatia (often in the €1,000–€5,000 range, compared to €10,000 in Croatia) to encourage use of bank transfers or cards for larger purchases. While the right mix of policies varies, the common thread is a combination of “carrots and sticks” – easing the adoption of digital payment technology, while keeping cash payment option available.

## Industry Initiatives

### Cashless Subsidy Programs<sup>8</sup>

**Poland** took a collaborative, incentive-driven approach to increase cashless payments among SMEs. In 2017, the government, banks, and card networks jointly launched the *Polska Bezgotówkowa* (“Cashless Poland”) program. Through an industry-funded foundation, small businesses that had never accepted cards could receive a free POS terminal for 12 months, with all installation and service costs covered. This allowed skeptical merchants to “try before they buy”, addressing cost concerns. The program also negotiated reduced fees and bundled banking offers for participants. The impact has been striking: over a few years, the number of card-accepting merchants in Poland doubled. By Q4 2024, 69% of all POS transactions in Poland were cashless, up from just 32% in 2016 – a doubling of the cashless share of payments. This transformation is widely attributed to the Cashless Poland initiative’s success in onboarding hundreds of thousands of SMEs (over 500,000) and increasing public trust in electronic payments. The government benefited too: studies noted gains in GDP and tax revenues as digital payments expanded. Poland’s case demonstrates the effectiveness of positive incentives: subsidizing POS infrastructure, uniting public and private stakeholders, and educating merchants can rapidly overcome barriers to adoption.

**Digital Croatia** program was established in 2022 to support the development of a network that accepts cashless payments and thereby reduce financial exclusion. SMEs and craftsmen who want to learn about the advantages of digital payments will receive a subsidized POS terminal free of charge for the first 6 months. Program has received support from Ministry of Finance and Ministry of Tourism and Sport. So far, the program has seen more than 13,000 small businesses start using digital payment methods.

## AmCham Recommendations

Enhancing the Croatia’s digital payment infrastructure requires a collaborative effort between public authorities, financial institutions, and business community. The public sector plays a key role by establishing clear legal frameworks, operating secure payment systems and investing in national platforms for e-invoicing and instant payments.

At the same time, commercial banks, fintech companies and large enterprises are key drivers of innovation and adoption, offering user-friendly digital payment solutions, modernizing point-of-sale systems, and expanding access through mobile apps, QR codes and contactless technologies. Broad adoption by retailers, SMEs, and service providers is essential to ensure these systems meet the

<sup>8</sup> Available at: <https://www.mastercard.com/us/en/news-and-trends/Insights/2024/in-poland-cashless-payments-at-businesses-have-nearly-doubled-through-the-cashless-poland-program.html#:~:text=Mastercard%20worked%20with%20key%20industry,%C2%B2> Retrieved on: 20 January 2026

everyday needs of citizens, businesses, and tourists. This joint public-private approach ensures the infrastructure not only meets technical and regulatory standards but also addresses the evolving needs of consumers and businesses across the country.

To build on the progress already made and unlock the full potential of digital payments in Croatia, AmCham proposes the following policy focus areas.

## 1) Allowing Issuance of Receipts in Digital Form

### Current situation:

Whilst the issuance of digital receipts is possible, the General Tax Act prescribes the opt-in mechanism. Article 63a states:

*"A taxpayer may issue a receipt in electronic form if the recipient of the receipt does not explicitly reject such method of issuance"*

In practice, digital receipts are being issued by retail chains through an opt-in option within the customer loyalty programs.

- **Recommendation:**  
Allow issuance of digital receipts without any further conditions.  
Prescribe the possibility that digital receipt can be sent by a different method (by post / via email / other channels) in case a digital receipt cannot be issued on the spot.

## 2) Lowering the Limit on Cash Payments

### Current situation:

Croatia currently maintains a cash payment ceiling of €10,000, aligned with the limits set by the EU Anti-Money Laundering Regulation. However, Croatia remains a cash-rich economy, and studies show that a 10% increase in digital payments over five years could add €2 billion to GDP and generate an additional €780 million in tax revenues.

AmCham therefore recommends that Croatia take a more ambitious approach by introducing an even lower cash acceptance limit as part of its national Anti-Money Laundering and Counter-Terrorist Financing framework.

- **Recommendation:**  
To curb the informal economy, AmCham proposes lowering the cash payment limit to €5,000, similar to other EU countries such as Belgium and Bulgaria.

## 3) Swifter VAT Return

### Current situation:

#### VAT Act in Article 66. prescribes the following:

*"1) A taxpayer who is entitled to deduct input VAT in the accounting period, the amount of which is higher than his tax liability, is entitled to a refund of that difference or can carry forward the amount of overpaid VAT to the next accounting period"*

*2) If the taxpayer requests a refund of the overpaid VAT, the Tax Administration is obliged to refund the difference within 30 days from the date of submission of the VAT return, and no later than 90 days from the date of initiation of the tax audit"*

- **Recommendation:**  
For cases where companies have a majority of turnover in digital payments (inbound / outbound) prescribe a 15-day VAT return.



*This could be an extension of the Fiscalization 2.0 System where the method of payment will be indicated on invoices across all B2B transactions.*

#### 4) Transform the e-Citizen Platform into a One-Stop-Shop for Digital Public Services

The e-Citizen platform should evolve from a service access portal into a fully integrated digital service hub that allows citizens to complete entire administrative processes - from request to payment - in one place.

**Example:**

1. You log into e-Citizen platform/mobile app.
2. You click "Renew Passport".

**The portal:**

1. Pre-fills your information.
2. Shows you the fee.
3. Allows you to pay directly through an embedded payment solution, without redirection and needing to connect to your mobile banking app separately.

**You receive:**

1. A digital receipt.
2. A timeline for completion.
3. Real-time status updates.

You can check all past and pending fees from your unified dashboard.

- **Recommendation:**

*Upgrade the e-Citizen platform into a fully integrated one-stop shop by embedding end-to-end digital workflows and in-platform payments for all public services.*

#### 5) Embed a Direct Payment Link within the Croatian e-Invoicing Framework

The recently adopted Fiscalization 2.0 legislative package will fully digitize B2B and B2G invoicing and tax reporting in Croatia by introducing mandatory e-invoicing from January 1, 2026. AmCham believes mandatory embedding a payment link directly in the e-invoicing process will offer multiple tangible benefits for both the issuer (supplier) and the recipient (customer), such as:

**Faster Payments (improved cash flow)**

Embedded payment links remove friction from the payment process by allowing the customer to pay with one click, directly from the invoice. It also encourages immediate settling instead of delaying payments due to manual bank transfers and/or forgotten invoices. This is particularly useful for small businesses, where cash flow is critical in order to sustain a business.

**Reduces human errors and provides seamless integration with accounting systems**

When customers manually copy IBANs, amounts, reference numbers - errors can happen. Therefore, a payment link (i.e. to a direct payment gateway or QR code) would include pre-filled information, ensuring the correct amount and invoice reference. Furthermore, this allows for automated reconciliation - the invoice is marked as paid in real time and financial records update instantly.

**Makes micro-transactions easier for small businesses**

Small business or freelancers (especially non-VAT entities using MIKROeRacun) benefit hugely from instant payment options directly through the app that will be made available free of charge. It would also lead to lowering of administrative and accounting costs.



- **Recommendation:**  
*Introduce mandatory embedding of payment links in e-invoices to fully leverage the benefits of Fiscalization 2.0.*

## 6) Enhance Infrastructure for Digital Payments in Croatia

Below, a series of concrete recommendations aimed at enhancing Croatia's digital payments infrastructure:

### Foster Broader Acceptance of at Least One Digital Payment Method

If businesses would introduce the acceptance of at least one digital payment option, in addition to cash, it would improve transaction transparency, reduce tax evasion, and create a level playing field for compliant businesses. This option could be set as a requirement based on defined turnover threshold or area of activity. This would also align Croatia with consumer expectations, particularly in tourism, while enhancing consumer protection through traceability, fraud prevention, and dispute resolution mechanisms, as demonstrated by similar measures across multiple EU member states.

Beyond its role in combating the shadow economy, introducing acceptance of at least one digital payment option offers clear benefits for consumers. It enhances speed and convenience, allowing people to pay effortlessly using cards, smartphones, or wearable devices - an increasingly standard expectation, especially in tourism-driven markets like Croatia. With the steady rise in international tourism, ensuring widespread access to digital payment options aligns with consumer preferences and improves the overall visitor experience.

There are several examples in Europe with different mechanisms:

**Poland** - entrepreneur that facilitates payments via a payment terminal and maintains sales record using cash registers capable of connecting and transmitting data to the Central Cash Register Repository (similar to the Fiscalization system) must ensure integration of payment terminals.

**Belgium** - since 2022, all Belgian enterprises are required to offer their individual customers at least one digital payment option. Enterprises may freely choose the technology that seems most appropriate to them but cannot charge additional costs to customers in case of digital payment.

**Hungary** - trader is obliged to ensure the availability of digital payment options for the consumer and maintain their continuous accessibility, for cash registers used for issuing receipts, as well as the provision of data recorded by cash registers to the tax authority.

**Slovakia** - similar to Croatia, Slovakia is expanding its e-invoicing system and on top of these changes, all sellers must offer digital payment options from 2027.

**Slovenia** - according to the draft Act on Electronic Payment Means in Consumer Payments from May 2025, Slovenia plans to introduce that when a payment is made in physical and simultaneous presence of the consumer and the supplier of goods and services, the supplier of goods and services must enable the consumer to pay at that point of sale using at least one digital means of payment. Companies with €10,000 annual revenue threshold would be obligated to provide at least one digital payment method with exemptions like school fairs, door-to-door vendors, new companies in their first year of business and similar.

**Germany** - recently the ruling coalition outlined a political declaration (intent that could become law) in which is stated that businesses in Germany should offer at least one digital payment option<sup>9</sup>. The declaration states "We shall ensure that, moving forward, everyone may decide for themselves how they pay for everyday transactions. We shall retain cash as a common payment method. We shall advocate for freedom of choice when it comes to payments, and in principle wish that cash and, gradually, at least one digital payment option shall be offered".

<sup>9</sup> Available at: <https://kpmg-law.de/en/what-the-coalition-agreement-means-for-the-financial-sector/> Retrieved on: 22 January 2026

All these measures and initiatives have one thing in common – cash is not excluded as a payment option – rather additional payment options are placed before the consumer.

- **Recommendation:**

*Introduce a clear requirement for defined categories of businesses (for example hospitality and tourism) above a specified turnover threshold to offer at least one digital payment method, while preserving cash as an option and ensuring freedom of choice for consumers.*

### **Support Transit Systems and Public Services Adopt Digital Payments**

The introduction of digital payments in public transport and public services enables citizens and tourists to pay easily using bank cards or mobile wallets, reducing queues, speeding up service delivery and lowering operational costs linked to cash handling, separate transit cards and paper ticketing. The system's interoperability across different operators and cities further improves user experience, while EMV's robust security standards protect against fraud. Moreover, real-time data collected from these systems supports better transit planning, and the ease of use promotes accessibility for tourists and occasional riders.

- **Recommendation:**

*Encourage public transport systems and public services to adopt interoperable, contactless digital payment solutions as a standard payment option nationwide.*

### **Making Social Welfare Distributions Possible through Digital Payments**

Delivering social benefits, at least partially, via digital payment could improve financial inclusion for citizens who do not have their own bank account or sufficient access to financial services, without the need for a traditional bank account. It also improves efficiency and reduces administrative costs for government agencies by eliminating the need for paper checks or cash handling. Another key benefit is the ability to program spending limits based on the intended purpose of the funds – for example, restricting the use of social assistance payments to essential goods and services such as food, healthcare or education. This helps ensure that public funds are used effectively and in line with policy goals, while also reducing the risk of misuse or diversion. Additionally, digital payment systems generate valuable, real-time data on spending patterns and recipient behavior, which can be anonymized and analyzed to inform more targeted and evidence-based policymaking. This mechanism could be a great extension to the Central Population Register which is continuously being developed.

- **Recommendation:**

*Introduce social welfare payments through secure digital payment solutions, with safeguards to ensure targeted use and inclusion of vulnerable groups.*

## **7) Encourage Consumers to Use Digital Payments Through Incentives**

Another way to promote electronic payments is to make them financially more attractive for consumers compared to cash payments through appropriately designed tax incentives. The potential benefits of such regulation to crowding out cash will be higher in those countries where the ratio of consumer cash to card payments and the average effective CIT and VAT rates are relatively high. The objective of this measure is to build the habit of paying with a card.

Examples from other markets demonstrate the effectiveness of such policies:

**Greece** requires taxpayers to spend a minimum share of their income digitally (currently 30%, with reductions possible under certain conditions) to qualify for full tax allowances. Failure to meet this threshold results in an additional 22% tax on the shortfall. This mechanism has contributed to shrinking Greece's VAT gap and significantly boosting tax revenues.

**Bulgaria** offers a 1% tax relief to individuals who receive their entire income on a payment account and spend at least 80% of it through digital payment methods.

**South Korea** introduced a program in 1999 that allowed consumers to deduct from their income tax base 10% of annual spending made by credit card above a certain threshold. The policy, later expanded to include debit cards, successfully incentivized card use and played a key role in establishing South Korea as one of the world's leaders in digital payments.

- **Recommendation:**

*Introduce time-limited, gradually phased tax incentives that encourage consumers to use digital payments, drawing on successful examples from other European markets.*

Important to consider:

- During the first year of implementation of such a measure the threshold of digital payments for being eligible for the tax incentive shouldn't be too high as it will discourage consumers to participate. The threshold may be rising gradually each next year.
- This measure should be implemented for a limited period of time (e.g. 5 years) and gradually be phased out completely. This mechanism allows the government to react (relatively) flexibly to a changing environment and to control the level of the incurred costs.

## Conclusion

Croatia has made remarkable progress in its digital payments journey, driven by strong public-private collaboration, the earmarking of EU funds for the digitalization of public services, and forward-looking reforms like Fiscalization 2.0. The transformation from a cash-centric system to a modern, efficient and inclusive electronic payments ecosystem is not only reshaping public administration but also empowering businesses and citizens across the country.

By continuing to invest in unified digital platforms, expanding the acceptance of electronic payments across sectors and embedding seamless payment solutions within fiscal frameworks, Croatia can further unlock the full potential of its digital economy. Such measures will enhance transparency, reduce the shadow economy and foster a level playing field for all businesses, while delivering greater convenience, security and consumer protection.

Looking ahead, embracing innovative payment technologies and promoting financial inclusion will be critical to supporting Croatia's sustainable growth, competitiveness and attractiveness as a destination for tourism and investment. AmCham Croatia remains committed to partnering with stakeholders to help accelerate this transition, ensuring that digital payments become an accessible, trusted and integral part of everyday life for all Croatian citizens and consumers in Croatia.

### **Allowing Issuance of Receipts in Digital Form**

- Allow issuance of digital receipts without any further conditions.
- Prescribe the possibility that digital receipt can be sent by a different method (by post / via email / other channels) in case a digital receipt cannot be issued on the spot.

### **Lowering the Limit on Cash Payments**

- To curb the informal economy, AmCham proposes lowering the cash payment limit to €5,000, similar to other EU countries such as Belgium and Bulgaria.

### **Swifter VAT Return**

- For cases where companies have a majority of turnover in digital payments (inbound / outbound) prescribe a 15-day VAT return.
- This could be an extension of the Fiscalization 2.0 System where the method of payment will be indicated on invoices across all B2B transactions.

### **Transform the e-Citizen Platform into a One-Stop-Shop for Digital Public Services**

- Upgrade the e-Citizen platform into a fully integrated one-stop shop by embedding end-to-end digital workflows and in-platform payments for all public services.

### **Embed a Direct Payment Link within the Croatian e-Invoicing Framework**

- Introduce mandatory embedding of payment links in e-invoices to fully leverage the benefits of Fiscalization 2.0.

### **Enhance Infrastructure for Digital Payments in Croatia**

- Introduce a clear requirement for defined categories of businesses (for example hospitality and tourism) above a specified turnover threshold to offer at least one digital payment method, while preserving cash as an option and ensuring freedom of choice for consumers.
- Encourage public transport systems and public services to adopt interoperable, contactless digital payment solutions as a standard payment option nationwide
- Introduce social welfare payments through secure digital payment solutions, with safeguards to ensure targeted use and inclusion of vulnerable groups.

### **Encourage Consumers to Use Digital Payments Through Incentives**

- Introduce time-limited, gradually phased tax incentives that encourage consumers to use digital payments, drawing on successful examples from other European markets.

For additional information, please contact: American Chamber of Commerce in Croatia

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