

# **Minimum Wage Act**

(unofficial consolidated text of the Act)

OJ 118/18, 120/21

in force from 1 December 2021

## Article 1

This Act prescribes the manner of determining the amount of the minimum wage and the deadlines for its determination, the manner of defining the minimum wage of workers and determining the increase in minimum wage on certain legal grounds, and the implementation of supervision over the application of this Act.

## Article 2

The terms used in this Act which denote gender are used neutrally and apply equally to both the male and female gender.

## Article 3

(1) The minimum wage within the meaning of this Act shall be the lowest monthly amount of gross wage paid for full-time work.

(2) By way of derogation from paragraph 1 of this Article, the minimum wage shall be the minimum amount of monthly gross remuneration according to the complexity of full-time work contracted by a collective agreement the application of which extends in accordance with the general employment regulation.

(3) The minimum wage must be contracted, determined or prescribed in gross amount.

(4) The amount of the minimum wage shall not include the increase in wage on the basis of overtime, difficult working conditions, night work and work on Sundays, holidays or any other day for which the law stipulates that no work shall be performed.

(5) The difficult working conditions referred to in paragraph 4 of this Article shall be deemed to be those laid down by law, collective agreement, employment ordinance, employment contract or other regulation binding on the employer.

(6) The minimum wage of a part-time worker shall be determined and paid in proportion to the contracted working time.

(7) The minimum wage of a worker who, in accordance with the employment contract, spent in the employment relationship or at work in any period of the contractual relationship with the employer less than one month shall be determined and paid in proportion to the duration of the employment relationship or time spent at work in that month, and in the case referred to in paragraph 6 of this Article, in proportion to the agreed working time.

(8) An agreement between the employer and the worker on the waiver of the right to the payment of the minimum wage is not allowed.

(9) Paragraph 2 of this Article shall not apply in the event of the application of legal rules on the protection of material rights arising from employment relationships of workers in the event of opening bankruptcy proceedings against the employer and in the event of blocking of the employer's account due to the inability to enforce the collection of unpaid wage or wage compensation, established by the regulation on the insurance of workers' claims.

#### Article 3a

(1) For overtime and night work and for work on Sundays, holidays or any other day for which the law stipulates that no work shall be performed, the worker shall be entitled to an increase in wage at least in the amount determined by a collective agreement the application of which extends in accordance with the general employment regulation.

(2) The increase in wage referred to in paragraph 1 of this Article shall belong to all workers to whom the application of a collective agreement extends.

(3) The right to increase in wage set out in paragraph 1 of this Article shall be exercised by the worker only for working hours worked in the conditions referred to in paragraph 1 of this Article.

(4) The increase in wage referred to in paragraph 1 of this Article shall be calculated for the working hours achieved in individual conditions in such a way that each allowance is calculated on the basis of contracted or basic salary, expressed in absolute amount, and the thus determined allowances shall be aggregated and added to the contracted or basic salary.

(5) By way of derogation from paragraph 4 of this Article, if the holiday, Sunday, or other day for which the law stipulates that no work shall be performed, the worker shall be entitled to an increase in wage that is more favourable to the worker.

(6) The provisions of paragraphs 3, 4 and 5 of this Article shall apply unless otherwise agreed by the collective agreement referred to in paragraph 1 of this Article.

#### Article 4

(1) All workers employed in the Republic of Croatia shall be entitled to a minimum wage, determined in accordance with the provisions of this Act, regardless of the registered office or registration of the employer.

(2) By way of derogation from paragraph 1 of this Article, the provisions of this Act shall not apply to a worker who is the sole worker of the employer and at the same time a member of the management board, executive director, cooperative manager, liquidator, etc., under special regulations.

#### Article 5

The minimum wage is established once a year, no later than 31 October of the current year for the following calendar year.

#### Article 6

(1) The amount of the minimum wage for each calendar year shall be established by the Government of the Republic of Croatia, at the proposal of the Minister competent for labour (hereinafter: the Minister).

(2) The minimum wage may not be set at an amount less than the amount established for the previous year.

(3) The Minister shall, taking into account the increase of the share of the minimum wage in the average gross wage paid in legal persons from January to July of the current year, taking into account inflation, wage developments, unemployment and employment trends, demographic trends and the overall state of the economy, and paying special attention to occupations with low salaries and vulnerable groups of employees, after consulting with the social partners, propose to the Government of the Republic of Croatia the amount of the minimum wage.

(4) As a rule, regular annual consult with the social partners referred to in paragraph 3 of this Article shall be held in September and October.

#### Article 7

(1) The Minister shall set up an expert commission (hereinafter: the Commission) to monitor and analyse the development of the minimum wage.

(2) The Minister shall by a decision prescribe the composition of the Commission referred to in paragraph 1 of this Act, its tasks, the manner of work and the amount of remuneration to its members.

#### Article 8

(1) By way of derogation from Article 6 of this Act, a collective agreement may stipulate a minimum wage of less than the amount prescribed by a regulation of the Government of the Republic of Croatia.

(2) The amount of the minimum wage referred to in paragraph 1 of this Article may not be less than ninety-five percent of the amount prescribed by the regulation referred to in Article 6 of this Act.

(3) In the case referred to in paragraphs 1 and 2 of this Article, the provision of Article 9, paragraph 3 of the Labour Act (»Official Journal« No. 93/14 and 127/17) shall not apply.

#### Article 9

(1) Supervision over the application of this Act shall be exercised by competent inspectors who are authorised under special regulations to supervise work and employment, and supervision over the legality, regularity and timeliness of calculations, applications and payments of budget revenues shall be exercised by officials who are authorised under special regulations to perform tax supervision.

(2) The competent inspectors and officials referred to in paragraph 1 of this Article shall cooperate when they supervise the regularity of the calculation of workers' salaries, in particular in terms of controlling and preparing the calculation of salaries on the basis of the submitted data and carrying out joint supervision and the like.

#### Article 10

(1) A fine ranging from HRK 60,000.00 to HRK 100,000.00 shall be imposed on the employer who is a legal person for the following violations:

- a) if he or she fails to pay the minimum wage in the manner prescribed by this Act (Article 3, paragraphs 1, 2, 4, 5, 6 and 7)
- b) if the minimum wage is not contracted or determined in gross amount (Article 3, paragraph 3)

- c) if he or she concludes an agreement with the worker on the waiver of the right to the payment of the minimum wage (Article 3, paragraph 8)
- d) if he or she fails to pay an increase in wage at least in the amount determined by the collective agreement the application of which has been extended in accordance with the general employment regulation (Article 3a, paragraphs 1, 2 and 3)
- e) if he or she fails to pay the minimum wage in the amount determined by the regulation of the Government of the Republic of Croatia (Article 6, paragraph 1).

(2) A fine ranging from HRK 7,000.00 to HRK 10,000.00 for the violation referred to in paragraph 1 of this Article shall also be imposed on the responsible person of the legal person of the employer, as well as on the natural person who is a sole proprietor and a person who performs another independent activity when he or she has committed the violation in connection with the performance of his or her sole proprietorship or independent activity.

(3) A fine ranging from HRK 7,000.00 to HRK 10,000.00 for the violation referred to in paragraph 1 of this Article shall be imposed on the employer who is a natural person.

## **TRANSITIONAL AND FINAL PROVISIONS**

### Article 11

The Minister shall make the decision referred to in Article 7 of this Act within six months from the day of entry into force of this Act.

### Article 12

For workers for whom the employer exercised the right to a reduced basis until the entry into force of this Act, in accordance with Article 2, paragraph 4 of the Minimum wage Act (»Official Journal« No. 39/13 and 130/17.), the monthly basis for calculation of contributions to the wage basis determined in accordance with the regulations governing compulsory insurance contributions shall be reduced by 50% for the period from 1 January 2019 to 31 December 2019, and by 25% for the period from 1 January 2020 to 31 December 2020.

### Article 13

Regulation on the amount of the minimum wage for 2019, adopted on the basis of the Minimum wage Act (»Official Journal« No. 39/13 and 130/17), which prescribes the minimum wage for the period from 1 January 2019 to 31 December 2019, remains in force.

#### Article 14

The Ministry of Labour and Pension System shall carry out a subsequent assessment of the effects of this Act within two years from the date of entry into force of this Act.

#### Article 15

On the date of the entry into force of this Act, the Minimum wage Act («Official Journal» No. 39/13 and 130/17) shall cease to have effect.

#### Article 16

This Act shall be published in the «Official Journal» and shall enter into force on 1 January 2019.

### **Transitional and final provisions from the OJ 120/21**

#### Article 7

Employers are obliged, no later than 1 February 2022, to offer an amendment to the employment contract in accordance with the provisions of this Act.

#### Article 8

The Ministry competent for labour shall carry out a subsequent assessment of the effects of this Act within two years from the date of entry into force of this Act.

#### Article 9

This Act shall be published in the «Official Journal» and shall enter into force on 1 December 2021.