

GUIDE FOR INVESTORS



POSLOVNA ZONA
IVANEC d.o.o.



Grad Ivanec
1396

City of Ivanec, Oktober 2018.



NOVA
GORICA



Dear entrepreneurs and investors,

For many years the **City of Ivanec** has been orientated towards its most important strategic goal – creating a favourable business climate and enabling domestic and foreign investors to make new investments. In order to offer potential foreign and domestic entrepreneurs one extra dimension, the City of Ivanec has set up the so called “**business friendly**” project by creating a favourable business environment in recent years, as the main *credo* in its business activities.

The City overall business and economic approach is based on the standards acquired in the course of internationally recognised certification project called BFC (Business Friendly Certificate In South East Europe).

The City of Ivanec was awarded the BFC label for the first time when piloting a project in Croatia in 2013, which placed Ivanec within a small family of certified cities of South-eastern Europe, After a demanding recertification procedure in 2017 Ivanec was repeatedly awarded the BFC label and thus became the first city in Croatia to have the certificate reconfirmed.

Recognition at international level:

— The British Financial Times competition „Cities and The Regions of The Future 2014/2015“ ranked Ivanec among 10 European microcities with the best strategies for attracting and promoting direct foreign investments.

— In the competition called „Europe's Leading Lights 2016/2017“, Financial Times ranked Ivanec as top of 10 microcities having the best investor attracting business strategies.

Recognition at the national level:

— Big prize for the contribution to the development of entrepreneurship in Central and South-eastern Europe was awarded to the City of Ivanec and its Mayor Milorad Batinić at the Regional Entrepreneurs' Summit named “The Best 300” in Dubrovnik (2018)

— The City of Ivanec bears the title **City of Economy** (Association of Cities of the Republic of Croatia „Impulse“ competition, 2017)

— The City bears the title **Smart City** – (Cities of the Future conference (Poslovni dnevnik, Večernji list, Association of Cities of the Republic of Croatia, 2016)

The above listed highlights additionally confirm that independent expert institutions recognised Ivanec as an area where the economic development is at the heart of its activities.

Within such a context this brochure may be the first entry document intended for all entrepreneurs interested in any form of investment in the City of Ivanec region.

What we offer is a correct business relationship and partnership, while the City administration and supporting entrepreneurial institutions will be at your disposal seven days a week.

IVANEC AS INVESTMENT DESTINATION



Grad Ivanec
1396

position, advantages, privileges,
reliefs



Position

Ivanec is positioned in the North of Croatia. It is the second largest city in Varaždin County, which is one of the economically most pulsive ones in Croatia.

It is the main economic, industrial, business and administrative centre of the western part of Varaždin County.

Population: 13.750 (census 2011)

Area of Ivanec: 9.581 ha

- woods and agricultural land 79,31 %
- water surface 0,46 %
- developed and undeveloped building land 20,23%

Industrial history: iron mines, sulphur and zinc mines (19th century), coal pits (20th century)

- early formation of industrial tradition

Traffic position

Road traffic

- Ivanec is positioned between two national traffic directions: motorways Zagreb - Macelj – Maribor – Graz and Zagreb – Varaždin – Goričan – Budapest

- 20 km from Varaždin, 80 km from Zagreb, 30 to 50 km from border crossings to Slovenia and Hungary, respectively

- perspective: planned construction of a fast road Varaždin – Ivanec in 2019 (as the first phase of the fast road Varaždin – Ivanec – Lepoglava – Krapina)

- projects include planned exits from the fast road to the city of Ivanec and the Business Zone

Railway traffic

- an active railway line for passenger and cargo transportation connects Ivanec to Varaždin (Golubovec - Ivanec – Varaždin)



Economy of Ivanec

Main activity - INDUSTRY

- metalworking, shoe production, woodworking, electrical and textile industry, production of cardboard packaging - majority of industry is export oriented to EU and world markets

Other important branches

- construction
- trade
- tourism

New branches

- ICT, research technologies
- renewable sources of energy
- high tech (know – how)

> Number of companies: 258

> Number of crafts: 258

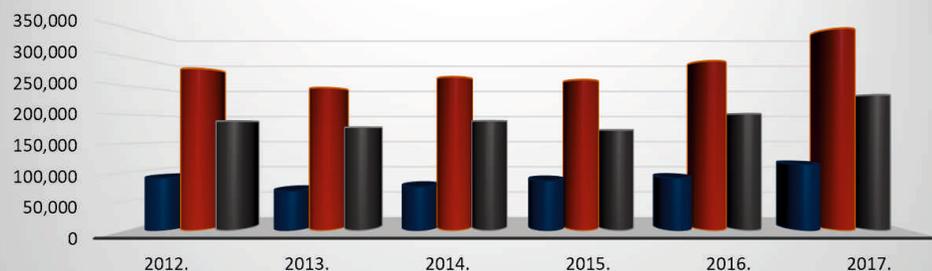
> Number of family-run agricultural businesses: 82

> Number of employees in companies: 3.004

> Average monthly gross salary per employee in companies: 4.129,65 kuna

> Turnover of economy in total (2017): 1.010.527.000,00 kuna

City of Ivanec foreign trade in goods for the period 2012 – 2017



Uvoz = Import

Izvoz = Export

Saldo = Balance



Largest companies according to total turnover:

Ivančica d.d., Drvodjelac d.o.o., Mipcro d.o.o.

- Rate of unemployment: 3,08% (July 2018)
- Development index for the City of Ivanec: 102,68%
- City of Ivanec budget for 2018: 47,5 mil. kn

CONDITIONS FOR BUSINESS ACTIVITIES

Taxes

Basic taxes

1. Income tax
2. Profit tax
3. Value added tax

City of Ivanec taxes

1. Tax to surtax on income

Rate: 10% on income tax from employment (salary), from self-employment business activity, property and property rights, capital, insurance and other forms of income

Payers: physical persons who are payers of income tax and who are the residents or have their usual residence in the City of Ivanec region

2. Tax on consumption

Rate: 3% on consumption of alcoholic and non-alcoholic drinks in hospitality facilities in the City of Ivanec region.

Payers: legal and physical entities offering hospitality services in the City of Ivanec region

3. Tax on holiday residences

Rate: 7,00 kn/m² of floor area of a holiday residence (per annum).

Payers: legal or physical entities who are owners of a holiday residence in the City of Ivanec region.



Charges on construction of buildings

| | | | | |
|---|--|---|--|-------|
| Public utility fees* | kn/m ³ | | | |
| | I | II | III | IV |
| | 135,00** | 36,00 | 22,00 | 14,00 |
| Water fee | kn/m ³ | | | |
| | Business facilities up to 6 metres of floor height | | Production facilities up to 6 metres of floor height | |
| | 10,05 | | 1,80 | |
| Fee on connection of a building to utility and other facilities | Water | Exempt, only costs of producing the connection are to be paid | | |
| | Drainage | Exempt, only costs of producing the connection are to be paid | | |
| | Gas | Depends on the project | | |
| | Electrical network | 1.687,50 kn/kWh | | |

* - reduced by 15% for production activities, and 5% for buildings designated to trade, hospitality and business activities and services

** - investors who participate in financing utility infrastructure construction are exempt from utility fees payment

Charges in the course of performing business activities *

| | | | |
|--|---|------|---|
| Public utility fee (kn/m ² business area) | ZONE | | |
| | I | II | III |
| | 2,30 | 1,89 | 1,50 |
| Water regulation fee (kn/m ² business area) | Business premises allocated to performing economic activities | | Business premises allocated to production and services purposes as well as research and testing rooms |
| | 1,05 | | 0,30 |
| Water (kn/m ³)** | 9,33 | | |
| Sewage (kn/m ³)*** | 1,37 | | |
| Electricity (kn/kWh)*** | 0,27-0,88 | | |
| Gas (kn/kWh)*** | 0,2204 | | |
| Collection of mixed municipal waste (kn/m ³) | 903,60 (collecting 2 x a month) | | |

* - all prices expressed in kuna

** - in kuna without VAT, all fees included (concessions, water usage fee ...)

*** - all prices expressed in kuna without VAT



BUSINESS FRIENDLY CERTIFICATE
SOUTH EAST EUROPE

INDUSTRIAL ZONE

| | |
|--|--|
| AREA | 385.280 m ² |
| AVAILABLE FOR INVESTMENT | 161.951 m ² |
| CURRENT INVESTORS | 183.103 m ² OWNERSHIP PRIVATE |
| PRICE OF INFRASTRUCTURE DEVELOPED LAND | From 12 eur/m ² |
| INVESTMENT RELIEFS | According to Industrial Zone Development Programme |

BUSINESS ZONE IVANEC - EAST

| | |
|--------------------------|--|
| AREA | 231.000 m ² |
| AVAILABLE FOR INVESTMENT | cca 65.000 m ² |
| OWNERSHIP | PRIVATE |
| CURRENT INVESTORS | 30 |
| PRICE OF LAND | To be agreed between private owners and investor |
| INVESTMENT RELIEFS | Possible |

INDUSTRIAL ZONE IVANEC

BRZA CESTA

BUSINESS ZONE IVANEC-EAST

LEGENDA

-  - IZGRADENO/constructed facility
-  - SLOBODNO ZA INVESTIRANJE/for sale-investment



POSLOVNA ZONA

IVANEC d.o.o.

LOCAL INCENTIVES

Reliefs for investors:

1. Reliefs for greenfield investments

- COMPETITIVE PRICE OF LAND – from 10-12 eur/m² (VAT included)
- Service of land purchase as well as settlement of ownership and legal matters for the known investor
- 100% exemption from utility fee payment (permanent)
- Staggered payment of agreed price of communal utility development – up to five years maximum, with two years grace period
- Reduction of utility development price by 5% of the total utility development price, under the condition that one-off payment is carried out at the time of signing the contract on utility development
- 100% exemption from the utility fee payment in the first five years of business operation, beginning at the moment of starting off the facility function
- 100% exemption from costs of land reallocation payment (when obtaining the building permit)
- Obligation to build the facility and start business operation within two years from signing the contract
- Land reservation for a period of one year free of charge, with an obligation to conclude a preliminary contract on the purchase of the said land
- Possibility of adapting the size of the plot of land to the needs of investor

Possibility of transferring reliefs and privileges onto a third, new investor or lessee, under the condition that these privileges are regulated through mutual relations of the existing investor, new investor (lessee), the City of Ivanec and the Business Zone Ivanec d.o.o.



2. Brownfield investment reliefs

- 100% exemption from payment of the utility fee for a period of five years
- 15% reduction of utility fee payment
- Staggered utility fee payment

3. Administrative services

- Preparation and implementation of EU projects for investors in the Zone at preferential prices
- Expert assistance and cooperation on the development of investment and its implementation
- Assistance to investors in connecting with local and regional institutions, business consultants as well as utility and infrastructural companies
- Organisation of free trainings, consultations and different forms of investor promotion
- Membership in the Business Club Ivanec

4. Municipal entrepreneurial supporting services of Business Zone Ivanec d.o.o. and EU Funds Project Office of the City of Ivanec

- Information giving services
- Development of project documentation for EU funds
- Organisation of economic manifestations
- Supplying information online
- Organisation of fairs
- Expert EU consulting – presentation of open competitions and public bid invitations
- Service of managing EU projects and support in their implementation
- Consulting services
- Business mentoring services for entrepreneurs – beginners
- Organisation of professional training
- Providing professional support to Small and Medium sized Enterprises in the form of web promotion
- Holding public discussions in order to enhance entrepreneurial awareness
- Organising business meetings – B2B



NATIONAL INCENTIVES

INVESTMENT AND COMPETITIVENESS AGENCY

Prilaz Gjure Deželića 7

10 000 Zagreb

tel: +385 1 6286 800, +385 1 6286 801

fax: +385 1 6286 829

info@aik-invest.hr, www.aik.invest.hr

Incentives for investment projects in the Republic of Croatia are regulated by the Law on Investment Incentives (Official Gazette, No. 102/15, 25/18) and refer to investment projects in the area of:

- Production and processing activities
- Research and innovation activities
- Business support activities and
- Activities in services with high level of added value

Incentives include:

1. Tax incentives for microentrepreneurs
2. Tax incentives for small, medium sized and large entrepreneurs
3. Incentives for justified expenses for new jobs related to the investment project
4. Incentives for justified staff development expenses related to the investment project
5. Incentives for:
 - a. Research and innovation activities
 - b. Business support activities
 - c. Activities in services with high added value
6. Incentives for capital expenses of investment projects
7. Incentives for labour-intensive investment projects
8. Incentives for investment projects through economic activation of dormant property owned by the Republic of Croatia

An entrepreneur wishing to obtain the status of incentives user is to file an Application for the use of incentives, using provided forms, to the Ministry of Economy, Entrepreneurship and Crafts.

Research and development incentives

Incentives intended for research and development projects are regulated by the Law on State Incentives for Research and Development projects (Official Gazette 64/18).

Incentive provider: Ministry of Economy, Entrepreneurship and Crafts

Incentive beneficiaries: legal and physical entities, VAT payers and income tax payers

Type of incentive: tax relief for research and development projects as well as feasibility studies (reduction of tax basis)

Research and development project includes one or several categories of research: basic research, industrial research and experimental development or feasibility study.

Application: Entrepreneurs need to apply for an incentive allocation prior to the start of the project activities.

Period of the project implementation: up to three years from the start of the project.

Free zones

Measures of active employment policy

Available measures:

1. „Incentives for employing“ – incentives for employing the unemployed
2. „Incentives for staff development“ – incentives for further education of the newly employed and already employed persons
3. „Incentives for self-employment“ – incentives for the unemployed persons who are starting their own business
4. „Education of the unemployed“ – incentives for the unemployed persons who are joining professional training, occupational retraining and professional development programme in educational institutions
5. „Training on the job“ – a measure aimed at training on the job of the unemployed persons in order for them to acquire the knowledge and skills required for the job performance
6. [„Measures aimed at acquiring the first work experience/traineeship“](#) - measures which enable training of young people on the job in the profession they were educated for
7. „Public work“- a measure where programme is based on the socially useful work initiated by the local community or a civil society organisation
8. [„Incentives for jobs preservation“](#) – a state incentive whose aim is to preserve the jobs with employers who experience a temporary drop in business activities
9. „Permanent seasonal worker“- a measure whose aim is to offer financial assistance to workers who are employed during a season only, while they are unemployed for the rest of the year.

Responsible institution:

CROATIAN EMPLOYMENT SERVICE

Info telephone – 01 6444 000

www.hzz.hr

Exemption from paying contribution on tax base for the young

Pursuant to Law on Contributions (Official Gazette 84/08, 152/08, 94/09, 18/11, 22/12, 144/12, 148/13, 41/14, 143/14, 115/16 further in the text: the Law) an employer who signs a contract of permanent employment with a young person (less than 30 years of age) for a period of five years is obliged to pay only contributions on the tax base at the following rates:

- contribution for retirement insurance at the rate of 20%, and at the rate of 15% for an insured person, based on individual capitalised savings, respectively
- contribution for retirement insurance based on individual capitalised savings (for the insured person in this insurance) at the rate of 5%, i.e. in the said period of up to five years there will be no obligation to calculate and pay contribution on the base amount:
 - health insurance contribution at the rate of 15%
 - health protection at work contribution at the rate of 0,5%
 - employment contribution at the rate of 1,7%.

responsible institution:

MINISTRY OF FINANCE

Internal Revenue Service

tel. 01 480 9000

EUROPEAN STRUCTURAL AND INVESTMENT FUNDS

Projects which are in line with developmental aims of the Republic of Croatia may apply to competitions for financing from EU funds. Bids are published by corresponding ministries, while information about all competitions is available via the common portal www.strukturnifondovi.hr.

Services of the Engineering Office of the City of Ivanec in the area of EU funds are also at entrepreneurs' disposal. Within the City of Ivanec entrepreneur support carried out via the Business Zone Ivanec d.o.o., entrepreneurs' projects are prepared and carried out at subsidized terms and prices.



Data on available resources for implementation of investment projects in the City of Ivanec region (brownfield investments)

Brownfield locations for rent / use as of 2019:

1. abandoned industrial plant suitable for production or processing and/or service industry

(possibility of long-term hire, on condition of premises organisation and bringing it to the desired purpose by the investor)

- the premises consist of a building with a surface area of 1.613 m² and a related industrial yard of cca 9.400 m² in size
- premises may be used simultaneously with reliefs for brownfield investments
- the facility owner is the City of Ivanec

2. Entrepreneurial incubator

- representative, refurbished and newly restored space in the centre
- conditions of office rental – for young, start-up companies up to 3 years old, adequate “quiet” business activities
- subsidized rental, passive standby operation costs and a number of administrative and consultation services
- hire is time-limited in accordance with the Programme of Development and Operation of Entrepreneurial Incubator Ivanec
- the facility owner is the City of Ivanec

3. Property

- building and industrial yard suitable for various manufacturing and business activities – for sale or lease
- surface area of approx. 20.000 m² consists of office, warehouse and production facilities
- the location has all necessary infrastructure in function
- the property is owned by company Končar – elektroindustrija d.d. Zagreb (phone: +3851/3795 – 103, e-mail: snjezana.strmecki@koncar-eu.hr)



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**PROJEKTI URED
GRADA IVANCA
za EU fondove**

EU Funds Project Office of the City of Ivanec

At Business Zone Ivanec d.o.o.

Tel: 042 645 484

projektni.ured@ivanec.hr

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STUPTUNO