

Croatia introduces legislative changes related to foreign workforce

14 March 2025

Croatia has introduced amendments to the Foreigners Act (the "**Act**"), which will come into force on 14 March 2025 (the "**Amendments**"). These changes are a direct response to the growing demand for foreign labour in the Croatian market.

Residence and work permits for third-country citizens (the "**R&W Permits**") issued before the Amendments take effect will remain valid until their original expiration dates. Furthermore, any ongoing procedures should be completed according to the provisions of the Act.

Once in effect, the Amendments will reshape the way third-country nationals can enter, reside and work in Croatia, marking a significant shift in Croatian immigration policy.

Summary of key novelties introduced by the Amendments:

The following key novelties are summarized below:

1. Changes to R&W Permits' status.
2. Stricter requirements for employers.
3. Enhanced employment rights for foreigner employees.
4. Changes to Blue card EU & simplified residence and work conditions for emigrants.

1. Changes to the R&W Permits' status

New form of the R&W Permit	<p>The Croatian Ministry of Interior Affairs (the "Ministry") issues the R&W Permit as a biometric document along with a written confirmation containing information on (i) the foreign employee; (ii) the employer; (iii) the validity period of the permit; (iv) the position; (v) the occupation for which the permit is issued and (vi) the statutory provision under which the permit was approved.</p> <p>As a general rule, the foreign employee may work only with the associated employer specifically and in a role defined under the relevant confirmation.</p>
Greater flexibility in changing employers or occupations	<p>(i) <u>Change of employer</u>: Foreign employees with a R&W Permit issued for at least one-year period may change their employer within the same occupation after one year of employment, without the need to apply for a new R&W Permit, as long as the existing permit remains valid.</p>

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	<p>(ii) <u>Change of occupation</u>: Foreign employees may change their occupation with the same employer within the validity of their R&W Permit, provided that the new occupation is classified as a shortage occupation.</p> <p>In both cases, the new employment agreement must be executed and a positive opinion from the Croatian Employment Service (the "HZZ") must be issued for the change of employer / occupation obtained. However, no new R&W Permit will be issued; instead, a confirmation of the new employer or occupation will be provided.</p>
<p>Extension of the R&W Permit term</p>	<p>(i) Regular R&W Permits (issued based on a positive opinion from the HZZ): Up to three years.</p> <p>(ii) R&W Permits for seasonal employees: Up to 90 days or nine months in one calendar year.</p> <p>(iii) Other R&W Permits: Up to two years.</p> <p>(iv) Temporary residence for digital nomads: 18 months.</p> <p>In cases where the application to prolong of an R&W Permit is submitted in a timely manner, the employee may legally reside and work in Croatia until the Ministry's decision on prolongation.</p>

2. Stricter requirements for employers

The Amendments have introduced stricter requirements for employers applying for R&W Permits based on a positive opinion from the HZZ (which are generally issued for non-highly qualified employees).

With the new statutory framework in place, employment of foreigners will become more complex, as the Amendments set out new thresholds for companies regarding (i) the number of foreign employees that can be hired and (ii) the number of R&W Permit applications that can be submitted, based on the number of employed Croatian / EU citizens (including EEA and Swiss Confederation citizens) ("**Local Employees**").

<p>Ratio of Local Employees to foreign employees</p>	<p>The number of Local Employees should be at least:</p> <p>(i) 16% of the total number of foreign employees; or</p> <p>(ii) 8% of the total number of foreign employees (in case of employment in a shortage occupation).</p> <p>Example: If an employer hires 50 foreign employees, it should have at least (i) 8 employees who are Local Employees ($50 \times 0.16 = 8$) or (ii) 4 employees that are Local Employees in case of a shortage occupation ($50 \times 0.08 = 4$).</p> <p>Additionally, in companies (i) of up to 50 Local Employees, employers can apply for a maximum of 50 R&W Permits for foreign employees and (ii) between 51 and 250 Local Employees a total of 250 applications for R&W Permits can be submitted while adhering to the aforementioned Local Employees vs foreigner employees ratio.</p>
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	The Amendments are not clear on whether foreign employees who have obtained an R&W Permit without a positive opinion from the HZZ fall under the relevant ratio; that determination is made by the Ministry.
Obligation on promissory note issuance	Employers that hire foreigners that require a visa to enter Croatia should issue a promissory note in favour of the Ministry in the amount of one average monthly gross salary paid in Croatia in the previous year (" Average Monthly Gross Salary "), within five days of the issuance of the R&W Permit. The amount of the Average Monthly Gross Salary should be defined in accordance with the official data of the Croatian Bureau of Statistics (for 2024 it amounts to EUR 1,821).
Extension of the employers' blacklist	The Amendments have extended the list of employers that cannot employ foreign citizens: <ul style="list-style-type: none"> (i) on any R&W Permit: Employers who have been sanctioned for certain criminal or administrative offences; and (ii) on an R&W Permit issued based on the positive opinion of the HZZ: Employers who have not achieved a monthly turnover of at least EUR 10,000 (for legal entities) or EUR 15,000 in the relevant period (for individuals).
Adequate accommodation	If employers provide accommodation for a foreign employee (with an R&W Permit), the accommodation should be adequate, ensuring a decent standard of living throughout the employee's stay. Employers should also comply with additional requirements regarding foreign employees' accommodation.

3. Enhanced employment rights for foreign workers

Minimum salary and non-discrimination	<p><u>Salary</u>: Foreign employees should have a salary that is at least equal to the salary of Local Employees in comparable work positions.</p> <p><u>Non-discrimination</u>: Employment agreements should not include any discriminatory clauses that would put a foreign employee at a disadvantage compared to Local Employees.</p>
Additional work	Foreign employees with valid R&W Permits who are employed full-time (40 hours per week) may take on additional work with another employer, for up to eight hours per week, during the validity of their R&W Permit. No new R&W Permit will be issued; instead, a confirmation of the additional work will be provided.
Period of allowed unemployment	Foreign employees with a valid R&W Permit can be unemployed for up to 60 days (consecutive or non-consecutive) during the validity of their permit. During this period, they can legally reside in Croatia, seek employment and enter into a new employment relationship.

4. Changes to Blue card EU & simplified residence and work conditions for emigrants

<p>Blue card EU amendments</p>	<ul style="list-style-type: none"> (i) <u>Validity period</u>: 48 months. (ii) <u>Qualifications</u>: In addition to formal higher education qualifications (e.g., diploma certificate), blue card EU applicants that are employed as directors and specialists in the field of information and communication technologies, are also entitled to demonstrate higher professional skills through professional experience that attests to knowledge, skills and competences at a level comparable to higher education. The relevant skills are to be verified by the committee appointed by the Ministry of Labour. (iii) <u>Salary</u>: The gross annual salary, derived from the monthly or annual salary specified in the employment agreement, should not be less than 1.5 times the Average Monthly Gross Salary. Certain exceptions apply. (iv) <u>Change of employer</u>: Blue card EU holders may change their employer and continue engaging in the highly qualified employment for which their blue card EU was issued. However, the blue card EU will continue to remain valid until its original expiration date.
<p>Simplified residence and work for Croatian emigrants</p>	<p>Returning Croatian emigrants and their family members, who are foreign nationals, are entitled to employment and self-employment in Croatia without the need for obtaining an R&W Permit. The status of a Croatian emigrant is confirmed by the competent ministry.</p>

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