

Croatia Modernizes its Tax Administration System with World Bank Support

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WASHINGTON , June 28, 2007 – The World Bank Board of Executive Directors today approved a EUR50 million loan for the **Revenue Administration Modernization Project** (US\$68 million equivalent) for Croatia. The Project will assist the Government in making the Croatian Tax Administration (CTA) a more efficient, effective, transparent and accountable institution.

The modernization of the revenue administration will provide Croatia with the means of achieving fiscal sustainability, reducing the administrative burden on tax payers by removing structural and institutional weaknesses, and creating capacity within the tax administration for successful EU accession.

"We hope that the successful implementation of the project will not only have an impact on the institutions concerned but that it will also greatly benefit the citizens of Croatia by creating a more efficient, effective, transparent and accountable tax administration system. Further, the implementation of a single tax identification number will provide a basis for improving the targeting of social benefit programs," said **Anand Seth, World Bank Country Director for Croatia, Bulgaria and Romania**.

The Revenue Administration Modernization Project consists of four inter-related components. The first component will focus on reorganizing and improving the functionality of the CTA's tax offices in Zagreb, to the benefit of employees and the population as a whole. The second component will build the skills, capacity and integrity of officials, employees and taxpayers through various training activities. The third component will assist the Government with modernizing business processes, by improving the efficiency and the effectiveness of the CTA. Technical support will also be provided for the implementation of a taxpayer's identification number. Finally, the fourth component will provide the necessary support for the efficient management of the tax system's modernization.

The Revenue Administration Modernization Loan is a fixed-spread loan payable in 15 years, including a five-year grace period.

Since Croatia joined the World Bank in 1993, the organization has been active in providing financial and technical assistance, policy advice and analytical services to Croatia. To date, the World Bank has approved 37 projects with a total value of USD2.26 billion, and it has approved 48 grants with a total value of USD51.5 million. All ongoing projects financed by the World Bank have satisfactory ratings.

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