

Zagreb, 17 February 2012

## T-Hrvatski Telekom

### Croatian Parliament Adopts Tax Legislation Amendments

T-Hrvatski Telekom (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HTRA CZ), the leading provider of telecommunications services in Croatia, announces an update on amendments to taxation legislation passed today by the Croatian Parliament.

The Croatian Parliament today adopted a range of amendments to legislation including the Value Added Tax Act, Personal Income Tax Act and Corporate Income Tax Act, which will have an impact in part on the taxation of dividends.

The general VAT rate will increase from 23% to 25%, effective as of 1 March 2012.

A withholding tax at the rate of 12% will apply to dividends and shares in profit paid to foreign legal entities, following the effective date of the changes and amendments to the Corporate Income Tax Act, 1 March 2012. An applicable double tax treaty can override this rule, dependent upon agreements signed with specific countries.

The taxation treatment with respect to dividends payable to resident entities remains the same. Furthermore, the general rate of taxation on corporate income remains at 20%.

The taxation of dividends and share in profit payable to individuals (resident and nonresident) based on share of capital has been introduced at a rate of 12% for annual receipts over HRK 12,000. Where the Republic of Croatia has signed an international double tax treaty and under international agreements, foreign individuals (nonresident) can be subject to a lower rate of tax or exercise the right to a tax refund.

Changes and amendments to the legislation outlined above are available on the website of the Croatian Parliament at [www.sabor.hr](http://www.sabor.hr)

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**About T-Hrvatski Telekom** (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HTRA CZ)

T-Hrvatski Telekom (T-HT) is the leading provider of telecommunication services in Croatia, serving nearly 1.3 million fixed lines, more than 2.4 million mobile subscribers and more than 650,000 broadband connections through its Residential and Business divisions.

Since its initial public offering in October 2007, T-HT shares have traded on the Zagreb Stock Exchange, with global depositary receipts trading on the London Stock Exchange. Deutsche Telekom AG owns 51% of T-HT's shares, with the War Veterans' Fund owning 7% and the Pensioners' Fund holds 3.5%. The remaining free float is in the hands of private and institutional investors.