

Employment

Annual Leave Carry-Over in Croatian Employment Law: In-between Protection and Certainty

Croatian labor relations are traditionally characterized by a strong normative orientation toward employee protection. Within this predominantly protective framework, however, the regulation of annual leave carry-over occupies a somewhat atypical position. It is governed by relatively strict temporal cut-off dates that frame carry-over as a narrow exception rather than a natural extension of the right. As a result, the issue of carrying unused annual leave into the following calendar year remains one of the more disputed questions in Croatian employment law.

The Employment Act does not allow annual leave to be accumulated without limits. Instead, it establishes a system in which annual leave is primarily intended to be used in the calendar year in which it is accrued, while allowing only limited carry-over. In principle, an employee should use at least two consecutive weeks of annual leave within the calendar year in which it is accrued, while any remaining portion of the annual leave entitlement may be carried forward until June 30 of the following year at the latest.

This general rule is subject to two exceptions that apply where an employee was objectively prevented from using annual leave in the year in which it was accrued. Under the first exception, if annual leave could not be used due to illness or maternity, parental, adoptive, or child-care leave, the employee may use the unused annual leave after returning to work, but no later than June 30 of the following calendar year (effectively within six months from the end of the year for which the leave was accrued). A second, more specific exception applies only in cases of maternity, parental, adoptive, and child-care leave (excluding illness). In such cases, where the employee was unable to use the carried-over annual leave by June 30 of the following calendar year, the law allows the leave to be used until December 31 of that year (effectively within twelve months from the end of the year for which the leave was accrued).

Through its interpretative guidelines, the Croatian Ministry of Labor favors an interpretation that places primary emphasis on compliance with statutory

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deadlines, including in situations involving prolonged leaves of absence. By contrast, interpretations advanced by Croatian courts and legal scholars are increasingly influenced by supranational standards, which emphasize that temporal limits must not deprive employees of the effective enjoyment of annual leave where it could not be used for objective reasons. These approaches are generally grounded in Article 9 of ILO Convention No. 132 and the case law of the Court of Justice of the European Union, including cases C-214/10 and C-337/10. Against this background, employers and HR professionals are confronted with conflicting interpretative signals, resulting in uneven practices and a persistent degree of legal uncertainty.

Taken as a whole, the legal regime governing the carry-over of annual leave remains complex and, in certain respects, insufficiently precise, giving rise to uncertainty for both employers and employees in Croatia. Although legislative amendments have been announced, their content is not yet publicly available. The extent to which these amendments will succeed in addressing the current uncertainty will depend not only on their wording, but also on whether they meaningfully reconcile domestic rules with broader protective international principles.



Practice Area News

Decree on the Amount of Minimum Wage for 2026. The Croatian Government adopted the Decree on the Amount of Minimum Wage for 2026 (NN 132/2025) ("Decree"). The Decree establishes the minimum monthly wage for the year 2026 in the gross amount of EUR 1,050, reflecting around 8% increase from the 2025 year's minimum wage. Employers are not allowed to pay basic full-time monthly wage in an amount lower than prescribed by the Decree. Wage increases for overtime work, difficult working conditions, night work, and work on Sundays and bank holidays are not included in the amount of the minimum wage and must be calculated on top of the minimum wage. The Decree entered into force on **January 1, 2026**.

Draft Amendments to the Foreigners Act. The Croatian Ministry of Interior has submitted for public consultation the Draft Amendments to Foreigners Act ("Draft Amendments"). The Draft Amendments implement the EU Regulation 2024/1347, EU Directive 2024/1233, and the EU Pact on Migration and Asylum. The Draft Amendments brings several significant novelties, most notably; extending the term for authorities to decide on specific permit applications to 90 days; introducing an obligation for foreign employees residing in Croatia for at least one year to pass Croatian language and Latin script exam, to be financed by local employers; and expending validity of permit for foreign seasonal workers for up to three years, to enable them to work for three consecutive seasons for the same employer, in the same or related occupation, without having to obtain separate permit each season.

In the Firm

• We Moved to Cibona Tower

We are pleased to announce that Babic & Partners law firm have moved into new and improved office space at Cibona Tower Zagreb. This upgrade reflects our continued growth and enhanced service for our valued clients. Our new address is **Trg Dražena Petrovića 3, 10110 Zagreb, Croatia**. Our telephone and facsimile numbers and the email addresses remain unchanged.



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