

Largest Croatian Film Distributor Moves Headquarters to Malta

Description

Posted by Larry Gleeson

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Rivals are accusing Blitz of profiting from state aid.

Blitz, the leading Croatian distributor and exhibitor of films, has moved its headquarters to Malta and has become a part of the Hero Holdings Limited offshore company, reports VeÄ•ernji List on January 2, 2017.

The holding includes, in addition to Blitz, companies Duplicato Media and Vox Communications. According to the Blitz-Cinestar, a company whose headquarters have remained in Croatia, the reason for the creation of â??the holding is companyâ??s internal reorganization of the group in order to facilitate expansion to other European markets; the owner of the holding company remains Hrvoje KrstuloviÄ?.â?•

They add that Malta had been selected since it is a member of the European Union and has developed financial and other services related to the film industry, with English as the official language and acceptable costs of doing business.

This fact is not irrelevant because Blitz, which dominates with Croatian film distribution market, last year had revenues in the amount of 126 million kuna and profits of 45 million kuna, making it the most profitable of all of KrstuloviÄ?â??s companies. Vox Communications had a profit of 1.3 million kuna, Duplicato Media about 22 million kuna, while Blitz-Cinestar last year brought about 18 million kuna.

The new corporate structure, according to Blitz-Cinestar, will combine the shares in all of members of the group, which will improve management and operations on different markets and facilitate access to the international capital markets.

While Blitz-Cinestar claims that the move to Malta is not taxable and that all of their operating companies with 269 employees regularly pay all taxes (just since 2010, they have paid more than 59.5

million kuna of corporate taxes in Croatia), its competitors, small film exhibition companies which wished to remain anonymous, claim that KrstuloviÄ?â??s companies generate huge profits due to substantial state aid which is not available to any other economic sector in Croatia.



â??Until 2014, there was no VAT for cinema tickets, and he sells 90 percent of all cinema tickets and distributes 90 percent of all filmsâ?•, claim KrstuloviÄ?â??s opponents, claiming that Blitz-Cinestar stood behind the campaign against tax reform which called for an increase in the VAT rate for cinema tickets from 5 to 13 percent. The plans were ultimately abandoned.

Blitz-Cinestar denies the charges and claims that companies in the group are not entitled to state aid, with the exception to those programmes which are available to other companies as well. â??In addition, it should be in common interest of all film exhibitors that the VAT on cinema tickets is not increased, since higher tax rate would have a negative impact on everybody,â?• says the company.

According to business data, Blitz-Cinestar did not pay any corporate taxes starting from 2012. â??Blitz-Cinestar did not have to pay the tax for a limited period based on the applicable tax regulations. We have qualified for the tax break due to investments in the amount of 157 million kuna. We have created a total of 140 new jobs and saved all the existing ones,â?• concludes the company.

(Source: total-croatia-news.com)

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