Are income, profit and money in the bank the same thing?

For: limited liability company and limited company

Practical business guidance · Reviewed: 2026-11-15

Applicability: Business explanation; not a tax liability calculation

Revenue, business performance and available cash are different metrics. Corporation tax is not simply a percentage of each invoice billed.

Three different business perspectives

Revenue describes business activity, profit is the amount remaining after deducting relevant expenses, and cash is the ability to settle payments at a given point in time. For the tax base there are tax rules and adjustments, so a simple calculation based solely on turnover is not sufficient.

The monthly management review should therefore include both performance and liquidity. Neither good performance without collection nor a temporarily high account balance provides a complete picture of sustainability.

How to prepare this in your business

In your monthly business review, you seek an explanation for significant discrepancies between sales, results and cash. For example, check outstanding invoices, procurement, repayments and other notable movements. A single indicator can hardly explain on its own why there is less cash than you expected.

Use reconciled and sufficiently up-to-date information for the owner's decision. A provisional management assessment can assist with planning, but clearly separate it from the final accounting and tax calculation.

Example of billing and obligations

A large payment has been credited to the account, but there are payments due to suppliers and other obligations. Therefore, do not present the balance as a profit that the owner can freely withdraw.

Specific next steps

1. Separate the income and expenditure review from the cash plan.
2. Check the tax base and adjustments with the accountant.
3. Plan personal payments to the owner separately from business income.

Limits of application

The numerical tax rates and personal payments have not been calculated in this response.

Sources

Ministry of Economy · Tax System

https://investcroatia.gov.hr/porezni-sustav/

Original page

https://adriatrends.hr/poslovni-vodic/en/pitanja/prihod-dobit-porez