

Tax Agenda Hungary

September 2022



Building a better
working world

No.	Fact	Action		
1	<p>Tourism development contribution for catering companies</p> <p>Due to a COVID-19 crisis management measure, catering companies didn't have to pay the tourism development contribution tax in 2021 after their sales revenue. This obligation should be taken into account again from 1 January 2022. For example, a person liable to monthly VAT returns had to declare and pay the tourism development contribution for services provided in January 2022 by 21 February 2022. For companies with annual VAT liability, such contribution should be paid by 27 February 2023.</p>	Review whether the tourism development contribution tax applies for the company and prepare a draft estimation to assess its potential increased tax liability.	●	●
2	<p>Social contribution tax exemption for small gas stations</p> <p>Gas stations with up to four employees are exempt from paying social contribution tax from 1 January to 31 May 2022.</p>	Review whether the social contribution tax exemption applies for the company's gas stations and prepare a draft estimation to assess the potential decreased tax liability of the company.	●	●
3	<p>Increase in the Central Bank base rate</p> <p>The Hungarian National Bank on 23 February increased the Central Bank base rate for the second time in 2022 by 0.5 percentage points, from 2.9% to 3.4%.</p>	Assess if the company has any loan transaction with the interest rate tied to the Central Bank base rate.	●	●

Use text boxes above the timeline to plan your actions for coming months

● Compliance ● Risk management ● Cash-flow / ETR impact

No.	Fact	Action		
4	<p>Increase in the Central Bank base rate</p> <p>The Hungarian National Bank increased the Central Bank base rate on 1 June 2022 by 0.5 percentage points, from 5.4% to 5.9%.</p>	Assess if the company has any loan transaction with the interest rate tied to the Central Bank base rate.	●	●
5	<p>Specific taxes for maintaining the balance of public finances</p> <p>Such taxes consist of (i) taxes of credit institutions and financial corporations (2022: 10%; 2023: 8%), (ii) taxes of petroleum product producers (25%) and (iii) electricity producers (65%), and (iv) special financial transaction tax levied on investment enterprises and credit institutions (0.3%, capped at HUF10 per transaction). The rules on the special taxes will apply for the first time for the full tax year that starts after 31 December 2021 and includes 1 July 2022.</p>	Review whether such taxes apply for the company and prepare a draft estimation to assess its potential increased tax liability.	●	●
6	<p>Contributions of airlines</p> <p>From 1 July 2022, airlines will be required to pay contribution after every passenger who departs from Hungary, except for transit passengers. The person liable to pay the contribution is the ground handling supplier. The amount of the contribution can range from HUF3,900 (approx. EUR 10) to HUF 9,750 (approx. EUR25) depending on the destination.</p>	Review whether the contributions of airlines apply for the company and prepare a draft estimation to assess its potential increased tax liability.	●	●
7	<p>Company car tax</p> <p>The monthly rate of the company car tax nearly doubles based on the car's performance in kilowatts and environmental class. The increased tax applies between 1 July 2022 and 31 December 2022.</p>	Review the company's car fleet and prepare a draft estimation to assess its increased tax liability.	●	●
8	<p>Specific tax for distributors of medicinal products</p> <p>Increased tax rate applies on medicines, the price of which exceeds HUF10,000 (approx. EUR26) – the rate rises from 24% to 28% for the financial year of 2022 and 2023. The tax rate (20%) does not change for medicines with a producer price not exceeding HUF10,000.</p>	Review whether such tax applies for the company and prepare a draft estimation to assess its potential increased tax liability.	●	●
9	<p>Expanding the scope of the energy supplier's income tax</p> <p>For the tax year of 2022 and 2023, manufacturing producers (i.e., bioethanol-, starch and starch products- and sunflower oil producers) also become subject to this tax. The tax rate is 31% of the positive tax base.</p>	Review whether the tax applies for the company and prepare a draft estimation to assess its potential increased tax liability.	●	●
10	<p>Simplified employment</p> <p>For film industry extras, the daily wage limit increased to HUF 24,000 (approx. EUR60). The tax liabilities increased to HUF1,000 (approx. EUR2.5) per day for seasonal workers in agriculture and tourism, HUF2,000 (approx. EUR5) per day for simplified employed workers and HUF6,000 (approx. EUR15) per day in case of film industry extras.</p>	Review whether the tax liability changes on simplified employment apply for the company's payroll and prepare a draft estimation to assess its potential increased tax liability.	●	●

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12	<p>Public health product tax ("snack tax")</p> <p>The scope of products subject to snack tax will expand from 1 July 2022, and the tax rate will also increase. The increase is approximately 30% for most products, although there is example for an increase as high as 147% for certain products.</p> <p>The snack tax obligation will cover products containing entirely or partly sweeteners. The rate of tax will vary depending on the level of sugar/sweetener content. Some products (e.g., soft drinks, marmalade, flavored beer, alcohol refreshers) will be subject to the snack tax in case of any sugar or sweetener content. Toasted and puffed products, delicacies and pre-packaged sweet and salty doughs, and energy drinks containing taurine, ginseng, arginine or a combination of these will also become taxable.</p>	Review whether the extension of the snack tax applies for the company's products and prepare a draft estimation to assess its potential increased tax liability.	●	●
13	<p>Additional telecommunication tax</p> <p>Telecommunication tax is introduced for persons providing electronic communications services in Hungary, first time for the tax year that includes 1 July 2022. The tax rate is 0% on the net sales revenue for the part not exceeding HUF1 billion (approx. EUR2.5 million), 1% for the part between HUF1 billion and HUF50 billion (approx. EUR125 million), 3% between HUF50 billion and HUF100 billion (approx. EUR250 million) and 7% for the part exceeding HUF100 billion.</p>	Review whether the additional telecommunication tax applies for the company and prepare a draft estimation to assess its potential increased tax liability.	●	●
14	<p>Additional insurance tax</p> <p>Insurance companies must pay additional insurance tax in addition to the current tax for the period between 1 July 2022 and 31 December 2023. The tax is based on the amount of the insurance fee resulting from the provision of insurance services, which includes life insurance business as well. The tax rate is progressive with multiple intervals.</p>	Review whether the additional insurance tax applies for the company and prepare a draft estimation to assess its potential increased tax liability.	●	●
15	<p>Excise duty</p> <p>The tax rate will increase between 1 July 2022 and 31 December 2022 and from 1 January 2023. The general increase is between 5-15% for most excise goods, however, the increase of the excise tax rate of alcohol products is almost 70%.</p>	Review whether the company will be impacted (i.e., the time and amount assess its potential cost and tax increasing effects.	●	●
16	<p>Additional retail tax</p> <p>The legislation (effective from 1 July 2022) introduced increased windfall rates for the tax year starting in 2023 based on the already existing retail tax base brackets:</p> <ul style="list-style-type: none"> ▶ HUF0-500 million- 0% ▶ HUF500 million-HUF30 billion-0.15% ▶ HUF30 billion-HUF 100 billion-1% ▶ Over HUF100 billion-4.1% <p>In the tax year that includes 1 July 2022, the taxpayer must declare and pay a onetime supplementary retail tax by 30 November 2022. The amount should be 80% of past year's tax liability.</p>	Review whether the additional retail tax applies for the company and prepare an estimation to assess its potential increased tax liability.	●	●

No.	Fact	Action		
17	<p>Increasing mining tax</p> <p>From 1 August 2022, the mining tax rate will increase in 2022 and 2023 (between 36% and 48%) of the value generated after the amount of mineral resource extracted under official permit, based on when the hydrocarbon field was put in operation.</p>	Review the implications of the increased mining tax rate on the company and assess its potential increased tax liability.	●	●
18	<p>Mineral resources and geothermal extraction of geothermal energy</p> <p>In the years 2022-2023, the specific production of mineral raw materials and geothermal energy - as well as the method of calculating the value - should be applied differently from 1 August 2022, determining that the specific value in each year shall not be less than a certain amount.</p>	Review whether the changes will have any impact on the company and assess its potential increased tax liability.	●	●
19	<p>Financial transaction duty</p> <p>The financial transaction duty now applies for persons providing payment services, credit and money lending, currency exchange and currency exchange intermediation activities in Hungary as cross-border services. The rate is 0.3% of the basis of the financial transaction fee, capped at HUF10,000 (approx. EUR 25) per transaction.</p>	Review whether the expanding of the financial transaction duty potential increased tax liability.	●	●

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EYG no. 007357-22Gbl

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