

# Tax Agenda Hungary

September 2023



No.	Fact	Action	
1	<p><b>Social contribution tax on interest income from residential investments of domestic person</b></p> <p>From 1 July 2023, natural persons are required to pay 13% social contribution tax on interest income except for interest income from investment units of real estate funds.</p>	Review whether the company pays interest to domestic individuals and assess compliance.	●
2	<p><b>County-level long-distance public transportation pass for commuting to work can be given to employees tax-free</b></p> <p>The tax authorities clarified the regulation on the new public transportation passes introduced on 1 May 2023 from a tax perspective. Employers have the option to offer their employees' county-level long-distance public transportation passes tax-free, which are used for daily commuting within a county.</p>	Review the company's reimbursement of travel expense policies and assess its potential tax impacts.	● ●
3	<p><b>The range of products subject to Extended Producer Responsibility (EPR) obligations has been expanded</b></p> <p>From 1 July 2023, the EPR obligations will be applicable to the following products, that were already subject to green tax: packaging materials for products subject to green tax, batteries, electrical and electronic equipment, tires, paper used for advertising, office stationery.</p>	Review whether the company is subject to the extended range of the EPR obligations and assess its compliance impact.	●



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

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

No.	Fact	Action		
	The yearly limit on the Széchenyi Pihenőkártya (SZÉP card) fringe benefits has increased to HUF 650,000 in 2023	Review whether the company's fringe benefit system is subject to this change and assess its potential tax impacts.		
4	From 1 August 2023 to 31 December 2023, the available fringe benefit with preferential taxation on the SZÉP card for employees has been raised to HUF 650,000 (approx. EUR 1,675), up from the previous limit of HUF 450,000 (approx. EUR 1,160). The extra HUF 200,000 can be given as a lump sum, and it does not have to be repaid prorated to the year even if the employment relationship ends during the year.		●	●
	The net loss carry-forward from before FY14 can now be utilized without any time restrictions	Review whether the company has unutilized losses from before FY14 and assess its potential tax impact.		
5	The previously stipulated time limit for utilizing net loss carry-forward (i.e., 2030) has been abolished. As a result, these losses can now be utilized without any time constraints.			●
	The scope of the income tax for energy suppliers (Robin Hood tax) is expanded	Review whether the company falls into the new scope of Robin Hood tax and assess its potential tax impact.		
6	Among others, petroleum product producers, petroleum product wholesalers and petroleum product sales dealers who sell the petroleum products purchased from abroad in Hungary are considered subject to Robin Hood tax from 1 August 2023.		●	●
	The determination of the innovation contribution tax base is harmonized with the local business tax base from a transfer pricing point of view	Review whether the company is subject to innovation contribution tax and transfer pricing obligations and assess its potential tax impact.		
7	From 14 August 2023, the arm's length price must be considered when determining the innovation contribution tax base. This determination should follow the transfer pricing methodology prescribed in corporate income taxation, which includes, among other things, the obligation to adjust to the median.		●	●
	For temporary employment agencies, the hired labor workplace qualifies as a permanent establishment from a local business tax perspective.	Review whether the company falls into the range of this taxation change and assess its potential tax impact.		
8	From 1 January 2024, temporary employment agencies will be considered to have a permanent establishment for local business tax purposes if the temporary staff works more than 21,000 hours within a municipality's jurisdiction (within the tax year).		●	●
	For airlines, the place of departure of their flights is considered to be a permanent establishment from local business tax perspective	Review whether the company is considered an air passenger transport company by the new definition and assess its potential tax impacts.		
9	From 1 January 2024, in the Act of Local Business Tax, the definition of permanent establishment is expanded to include not only the office but also the departure location of flights for airlines. If a company's net turnover derives at least 75% of air passenger transport services and related services, then it is considered to be an air passenger transport company.		●	●
	The possibility of tax-free revaluation for assets managed in a trust will be abolished	Consider this change when establishing a trust, private fund.		
10	From 12 September 2023, it should be considered as a taxable sale if the transferor (in case of trust) or founder (in case of private fund) transfers an asset to a fund or private fund according to the changes of the Act on Personal Income Tax.		●	●

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