

SME INFO HU

AUTUMN TAX PACKAGE 2022 - CHANGES TO TAX AND ACCOUNTING LAWS



The purpose of SME INFO is to provide general information and to draw the attention to the current changes in law which we believe to be important for the business operation of our clients. It is not a replacement for careful review of the acts and rules, and the consultation with your tax advisor.

The autumn tax package contains few significant changes, it is mostly characterised by clarifications and additions to help interpretation, but there are many of these. The most exciting change seems to be a corporate tax report in line with an EU directive, but this will not be introduced until mid-2024. In view of its timing and length, this report will be the subject of a separate publication.

Responding to their needs we will also produce a separate publication for our payroll clients, summarising mainly those tax issues and amendments to the Labour Code that affect them.

This publication – presenting the changes we think are relevant for our clients – is a general guide to the accounting and tax law changes that will most affect accountants. Please note that most of the amendments shall be or may be applied for the 2022 financial year.

In the meantime, two new government regulations have been published in the field of extra-profit taxes. Although they are not part of the “official” autumn tax package, we cover them in this edition for timing reasons.

The SME Team

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1. CORPORATE INCOME TAX (CIT)

1.1 Exemption of trusts – clarifications ⁽¹⁾

The corporate income tax has already provided possibilities for tax exemptions, or to replacing the corporate tax return by declaration in the case of trusts, assets managed under a fiduciary asset management contract and public trusts carrying out a public service functions, under certain conditions.

As trusts appeared relatively recently in corporate income tax (in 2019), the legal practice brought up new cases that had to be settled at the legal level. As a result of the amendment, a trust established by a natural person, whose sole beneficiary is a natural person(s), is also considered a natural person beneficiary for the purpose of the tax exemption and of replacing the tax return by declaration. Thus, the tax exemption and the right of substitution of the tax return by means of a declaration – if the other conditions are met – will henceforth be granted to

- assets managed under a fiduciary asset management contract as well as
- trusts established by a natural person,

even if the beneficiary is one of the aforementioned trusts.

In addition to the above, the amendment also includes that, in the case of the assets managed under a fiduciary asset management contract, the foundation or the trust, the pre-tax result is reduced by the income from permanent investments determined in accordance with the provisions of the Act on Personal Income Tax.

Date of entry into force: 24 November 2022, but it can already be applied for the 2022 business year.

1.2 Loss carry forward ⁽²⁾

Regarding the settlement of the not yet used carry forward losses incurred prior to 2015, the amendment sets the maximum tax base reduction at 50% of the tax base without the application of interest deduction limitation rules.

Date of entry into force: 24 December 2022, but it can already be applied for the 2022 business year.

S (1) Act LXXXI. of 1996 – 5.§ (7a); 7.§ (1) o); 20.§ (1) b); 29/A.§ (107)

(2) Act LXXXI. of 1996 – 29/A.§ (114)

1.3 Modification of the existing corporate tax base allowance ⁽³⁾

According to the amendment, the tax base allowance which is related to the so-called establishment of electric charging networks will already be considered as de minimis subsidy in those tax returns which were submitted after 31 January 2022. The amount of the de minimis subsidy is equal to the amount of corporate tax calculated on the tax base allowance.



De minimis allowances are state subsidies operating on the basis of European Union regulations, which have an upper limit of Euro 200,000 for a combined period of 3 years.



The ones who have already submitted their tax return after 31 January 2022 and took the opportunity of the tax base allowance, they must submit a self-revision in order to amend the legal basis.

At the same time, the modification also provides options for a transitional period, where taxpayers can decide how they wish to use the tax base allowance:

- to settle the tax base allowance on the basis of the EU regulated de minimis subsidy or
- to claim it against of an EU approved, special and temporary subsidy.

The special state subsidy in point b) is based on the temporary crisis management framework and its announcement („crisis announcement“) in connection with the Russian-Ukrainian war.

Using the crisis announcement based allowance will be possible for those who submitted their tax return after 31 January 2022, which can be done by self-revision if the tax return has already been submitted.



It should be noted that the above option does not only apply to the electric charging networks, but to all other allowances that can be used on the basis of the general *de minimis* regulation. The first time when the taxpayer is entitled to make this choice is in the tax return, submitted after the amendment enters into force, for the tax year beginning in 2022, and for the last time in the tax return filed before the deadline for the crisis announcement to apply.

⁽³⁾ Act LXXXI. of 1996 – 7.§ (31); 29/A.§ (108)-(113)



Important: the amendment related to the installation of electric charging networks is also reflected in the Robin Hood tax. ⁽⁴⁾

Date of entry into force: 24 December 2022, but already applicable for the 2022 tax year, as detailed above

1.4 Corporate taxpayer group ⁽⁵⁾

The new corporate taxpayer group concept introduced in 2019 raises more and more questions in the course of legal interpretations and practices, which the legislator needs to address at the legislative level.

1.4.1 Termination of a group member without legal successor

From 2023, the membership of a group corporate taxpayer member will also cease if

- it is subject to winding up, liquidation, forced deletion procedure or
- the taxpayer ceases to exist without winding up or liquidation procedure.

The date of termination in case of point a) will be the day before the start date of the above events, and in case of point b) the day of termination.

1.4.2 Tax advance rules

Pursuant to the amendment, if the group membership of a group member is terminated (the reasons of the termination is other than termination without legal successor) or the corporate taxpayer group itself is terminated, then within 30 days following the day of the circumstances that caused these events to occur, the former group member must divide and declare the tax advance which was submitted previously by the corporate taxpayer group. Previously, the 30-day deadline had to be calculated from the termination of the group membership or the corporate taxpayer group.

Date of entry into force: 1 January 2023



⁽⁴⁾ Act LXVII. of 2008 – 6.§ (15); 18.§ (15)-(19) ⁽⁵⁾ Act LXXXI. of 1996 – 6.§ (3c); 26.§(6)

2. PERSONAL INCOME TAX (PIT)

2.1 Allowance for Young People Under the Age of 25 Years ⁽⁶⁾

The tax authority will include in the draft tax return the data related to the PIT allowance for individuals under the age of 25, which the individuals can correct and complete until the filling of the personal income tax return. In the absence of modifications, the final amount of the allowance to which the beneficiary is entitled will be the amount shown in the draft tax return.

Date of entry into force: 1 January 2023

2.2 Special employment of foreign individual ⁽⁷⁾

The change only affecting a relatively narrow group is that if a foreign individual works less than 30 days at public trusts carrying out public service functions or ecclesiastical legal entity or at a higher education institution maintained by such a foundation or ecclesiastical legal entity, the received allowance will be free from tax. The obligation to report to the tax authorities this employment will burden the employer and the foreign individual won't have any administrative obligations.

Date of entry into force: 1 January 2023

2.3 Expansion of regulation related to trusts

Due to the special situation of trusts and their relatively recent existence (2019), the legislations – including the PIT law – are constantly evolving and adjusting.

2.3.1 Income from capital gains ⁽⁸⁾

The expenditure for the acquisition of securities transferred through a trust established for this purpose by an ESOP (Employee Stock Ownership Plan) has been defined in the same way as if it was a security provided directly from the ESOP.

Date of entry into force: 1 January 2023

2.3.2 Income from long-term investment ⁽⁹⁾

The regulation which defines who is entitled to open a long-term investment account (TBSZ) has been amended. This scope has been extended with trusts established by private individuals (and consisting of only private individual beneficiaries).

Date of entry into force: 24 November 2024

§ (6) Act CXVII. of 1995 – 29/F.§ (3a) (7) Act CXVII. of 1995 – Annex 1 4. 4.51; Act CL. of 2017 41.§ (1a)

(8) Act CXVII 1995 – 67.§ (9) ag) (9) Act CXVII of 1995 – 67/B.§

2.3.3 Securities obtained under SESOP ⁽¹⁰⁾

Also related to the trusts is an amendment of the tax regulation on income earned in the form of securities, whereby the asset value specified in the securities that the individual obtain as a beneficiary of a trust established within the framework of the SESOP (Special Employee Stock Ownership Plan) is not considered income.

Date of entry into force: 1 January 2023

3. VALUE ADDED TAX (VAT)

3.1 Expanding the scope of taxable real estate sales ⁽¹¹⁾

Pursuant to the amendment, the sale of a new real estate created by changing the purpose of the property or the number of its units will also be subject to taxation, if the two years do not elapse between the issue date of the official certificate certifying it and the date of sale. In line with this, the sale of real estate created by a change of function within two years – by a non-taxable person – will also give rise to tax liability if it is carried out in series.



Such a case is when the owner of the property transforms the apartment in such a way that it no longer functions as a residential property but to be used as a business premise. Thanks to the latest modification of VAT regulation, the sale of this business premise will be considered as a new property if 2 years have not elapsed between the issue date of the official certification which certifies the change of function and the date of sale..

Date of entry into force: 1 January 2023



§ (10) Act CXVII. of 1995 – 77/A.§ (11) Act CXXVII. of 2007. – 6.§ (4) b); 86.§ (1) j)

3.2 Reverse charge procedure ⁽¹²⁾

The use of reverse charge procedure in relation to construction and installation works has been clarified. This was necessary because in practice the broad use of terms led to misunderstandings and the legal practice was not uniform. The amendment generally requires an official permission or a notification to the authority to carry out the works, so services which are even though not required a construction permission or a simple announcement to the building authority, but still requires another official license or announcement to authorities will also be subjected to reverse taxation. (e.g. works which are subject to a heritage protection permission or announcement, a change of usage permission or a town planning announcement procedure).



Special transitional rules are introduced for transactions subject to reverse charge due to the above definition change.

Date of entry into force: 1 January 2023

The application of reverse charge procedure has been extended until 31 December 2026 for certain goods and services. The products concerned include cereal products and the supply of iron and steel products.

Date of entry into force: 1 January 2023

3.3 e-Receipt ⁽¹³⁾

The legislation amendment prepares the introduction of the electronic receipt (e-receipt), which can also renew the cash register system. Moving forward with the digitalization and promoting contactless purchases, the legislation amendment extends the obligation to provide data in cases where the receipt is issued by using an authority approved technical solution other than a cash register (including electronically). This means that after the introduction of e-invoice, the e-receipt will also be introduced. Detailed rules will be developed later.

Date of entry into force: 24 November 2022

3.4 Distance sale ⁽¹⁴⁾

As a result of the amendment of the law, the VAT regulation was supplemented with the following: if an intra-Community or an import distance sale performed by a taxpayer exempt from VAT is taxable abroad, then the VAT-



(12) Act CXXVII. of 2007 - 142.§ (1) b); 357.§

(13) Act CXXVII. of 2007 - 260.§ (1) e)-h)

(14) Act CXXVII. of 2007- 193.§ (1) d), 195.§ (2), (4); 356.§

exemption cannot be applied, so these revenues shall be ignored when calculating the value limit of the tax exemption. In the case of these transactions, the taxpayer can deduct the input tax, import VAT, if it meets with other conditions for deduction. According to the amendment, these rules will be applied to transactions which were carried out on or after 1 January 2022.

Date of entry into force: 24 November 2022

3.5 Reduced VAT of newly built residential properties ⁽¹⁵⁾

During the state of danger, a government decree regulated the applicability of the reduced 5% VAT rate for new residential construction until 31 December 2024. The current tax package brings this into act.

The amendment also contains a transitional provision, which means that the reduced tax rate will continue to apply after 31 December 2024, until 31 December 2028, if the building permit has become final on 31 December 2024 at the latest or if the construction has been notified by that date in accordance with the simple reporting rules.

Date of entry into force: 1 January 2025



(15) Act CXLVII. of 2012 - 358.§

4. SMALL BUSINESS TAX (KIVA)

4.1 Transition rules ⁽¹⁶⁾

The small business tax is a tax option available since 2013 that provides more beneficial tax treatment for companies that meet certain conditions. To qualify for the KIVA tax regime, the company wishing to convert shall meet the general conditions (turnover, number of employees, etc.) and the specific conditions. These specific conditions have been changed in the context of the recent legislative modification. Accordingly, a company liable to corporate income tax in the tax year preceding the transition shall examine the so-called interest deduction limitation rules and, if it implements such tax rules, it cannot choose the KIVA.

4.2 Expiry of KIVA status ⁽¹⁷⁾

The rules on the termination of the KIVA status have been extended. This means that the KIVA status expires also if the taxpayer under the corporate tax law would make tax base adjustment according to the:

- interest deduction limitation rules or
- special capital withdrawal or tax avoidance rules.

In both cases, the KIVA status expires on the day before the first day of the tax year

4.3 Average statistical number ⁽¹⁸⁾

The methodology for determining the average statistical headcount for personnel costs, which is an important element of the KIVA regulation, has also been modified. Under the previous method, the rules of the Central Statistical Office's (KSH) Guide to the provision of labour statistics issued on 1 January 2009 were to be applied for the determination of the average statistical headcount. In the future, the KSH publication in force on the first day of the tax year will be used.

Date of entry into force of KIVA rules: 1 January 2023.



(16) Act CXLVII. of 2012 – 16.§ (2) g)

(17) Act CXLVII. of 2012 – 19.§ (5) l) and m)

(18) Act CXLVII. of 2012 – 2.§ 1.

5. LOCAL BUSINESS TAX (LBT)

5.1 Simplified tax base definition method ⁽¹⁹⁾

The current LBT regulation provides several simplified methods for calculating local business tax base. They are unified by the amendment, in which those are eligible for the simplified tax base method who are small entrepreneurs with an annual income – pro-rated according to 12 months or days – not exceeding the limit of HUF 25 million (in case of special retail activities performed by flat-rate taxpayers the limit is HUF 120 million).

There are three income bands under HUF 25 million turnover and a fixed tax base amount has been assigned to them. As a result of defining the simplified tax base, the taxpayers do not have to deal with the LBT tax base reduction items (such as cost of sales; cost of materials; intermediary services and sub-contracted services, etc.).

The bands and assigned tax bases are:

Annual income (HUF)	Tax base (HUF)
0-12 000 000	2 500 000
12 000 001 – 18 000 000	6 000 000
18 000 001 – 25 000 000	8 500 000

Based on the above, the small entrepreneurs do not have to apportion their tax base using the „normal“ method in case of having more than one residence as the tax base will be the same for each municipality.

The simplified tax base method can be chosen based on prior notification, it is valid for a full year, so it cannot be deviated from during the year, but the year after that, the small entrepreneur can choose to assess its business tax under the general rules for the following year. As long as the small entrepreneur's (annual) turnover does not change bands, there is no obligation to file a tax return. Tax advance is paid once a year, till the last day of the 5th month of the tax year, according to the band.

Date of entry into force: 1 January 2023

5.2 Change in the transfer pricing certificate ⁽²⁰⁾

According to the current regulation, if there is a post-adjustment of the related parties' prices (so-called transfer price correction) which results in a reduction of the tax base – its recognition in the LBT tax base can only be validated with an issued certification by the related party. In this certificate, the related party



(19) Act C. of 1990 – 39/A.§

(20) Act C. of 1990 – 39.§ (11)

must prove that it will increase its LBT tax base by the amount equal to the correction. In the case of a non-Hungarian related party, it must declare that it will account for this amount in its foreign tax base corresponding to the local business tax or in the absence of LBT or similar tax, the tax base increasing item is accounted in its own corporate (equivalent) income tax.

Considering that the business tax is rather „Hungarian specific“, the correction is typically made in the corporate tax of the foreign related party. At the same time, there may be a case where, the adjustment at the foreign party is not made to an expense recognized for LBT purposes (but e.g. a personal expenditure), thus the legal issuance of the certification becomes questionable. According to the amendment, in this case the certification also can be legally issued, and the business tax base can be reduced.

Date of entry into force: 1 January 2023

6. ADVERTISING TAX ⁽²¹⁾

The liability to pay advertising tax has been suspended from 1 July 2019 to 31 December 2022, with the tax rate being set at 0% for all concerned. The modification extends the end date by one year, from 31 December 2022 to 31 December 2023.

Date of entry into force: 24 November 2022

7. FINANCIAL TRANSACTION DUTY ⁽²²⁾

The legislation abolishes the obligation to pay a transaction fee on the disbursement of student loans.

Date of entry into force: 24 November 2022

8. SOCIAL CONTRIBUTION TAX ⁽²³⁾

Since 2014, Hungary has seen an increasing number of foreign film productions, also thanks to the film related tax incentives introduced by the government. One aspect of this tax relief is a special simplified tax regime for foreign film production actors and crew members, which is included in the personal income tax law. However, in addition to personal income tax, social contribution tax liability also arises for this specific target group, with a special exemption condition, i.e. if an EGT state or Switzerland has proven the existence of social insurance, the person is exempt from paying social contribution tax.

As a result of the current modification, the list of exempted countries will be extended to include countries with which Hungary has concluded so-called

§ (21) Act XXII. of 2014 – 5/A.§ (22) Act CXVI. of 2012 – 3.§ (4) j)

(23) Act LII. of 2018 – 5.§ (4a)

social security agreements in the past. Social security conventions are registered by the National Health Insurance Fund Manager at [this link](#).

Date of entry into force: 1 January 2023

9. SOCIAL SECURITY

Employer definition ⁽²⁴⁾

In the Social Security Act, an employer is an important concept, the exact definition of which is contained in the Act. Under the autumn modification of the tax laws, this definition of employer will be supplemented by the legislator. The addition relates to the delegation of an employee between companies and, in connection with the delegation, to the person who is the cost bearer of course from the point of view of the payment of contributions. It is our understanding that, under the modification, in arrangements where the parties concerned agree that the salary and other benefits of the insured seconded employee are paid by the host company, the original seconding employer remains the employer and settles the contributions.

Date of entry into force: 1 January 2023

10. DUTIES

10.1 Transfer of real estate between related parties ⁽²⁵⁾

The exemption from duty is eliminated for real estate transactions between related companies where less than 50% of the net sales of the transferee in the previous year are related to real estate transactions.



The transferee declares – until the order for duty payment has become final, – that the conditions for exemption from duty have been fulfilled. If the conditions stated in the declaration are not fulfilled, the duty will be increased by 50%.



Suggestion: Taxpayers who are planning to reorganise their group of companies and have a large property in one company which they wish to transfer to another company should consider doing the necessary work this year.

Date of entry into force: 1 January 2023

§ (24) Act CXXII. of 2019 – 4.§ 4.10. (25) Act XCIII. of 1990 – 26.§ (1) t); (23)-(26)

10.2 Modifications for trusts ⁽²⁶⁾

Will also be exempt from duty

- the acquisition of assets by trust as a beneficiary and
- besides the grant of property to a Special Employee Stock Ownership Plan (SESOP/KMRP) organisation, – a grant to the trust administering the SESOP will also be exempt from duty, provided, that it is a recognised expense of the grantor for corporate tax purposes.

Date of entry into force: 1 January 2023.

10.3 Termination of duty stamp ⁽²⁷⁾

The stamp will be abolished as of 1 January 2024. The value of previously purchased but unused stamps may be reclaimed until 31 December 2029. The refund can be claimed at the tax authority belongs to the customer's seat (residence).

Date of entry into force: 1 January 2023

11. RULES OF TAXATION

11.1 Administrative service fee for establishing the arm's length price ⁽²⁸⁾

We have already reported during the summer on changes to the procedure for setting the arm's length price in the *PS SME INFO Nr 2022-02*.

The package introduces further modifications, such as that for bilateral and multilateral procedures initiated after 1 January 2023, the agreement with the competent authority of the foreign state shall be completed within two years from the date of the request, which may be extended by one year in justified cases.

Date of entry into force: 1 January 2023

11.2 Taxpayers with large tax deficits and tax arrears ⁽²⁹⁾

A new measure is that the tax authority will provide a query interface about taxpayers with large tax arrears and tax debts. Apart from this, the monthly publication obligation of the tax authority will not change.

Date of entry into force: 24 November 2022



(26) Act XCIII. of 1990 – 17.§ (1a); 17/D.§ (1)

(27) Act XCIII. of 1990 – 94.§ (5); 102/D.§

(28) Act CL. of 2017 – 175.§

(29) Act CL. of 2017 – 264/A.§

12. TAX ADMINISTRATION

Restriction of the justification request ⁽³⁰⁾

If the time limit for appealing against a rejection of a request for justification is missed, no further request for justification may be made.

Date of entry into force: 24 December 2022

13. MODIFICATIONS TO OTHER LAWS

Automatic exchange of financial account information ⁽³¹⁾

Hungary has joined the OECD initiative under which the tax authorities of the acceding countries make automatic exchanges of information on financial accounts of residents of the countries concerned. The countries covered by the original agreement have since been joined by new ones, so the legislative modification includes the names of the new acceding countries in the annex to the original law.

Country-by-country reporting ⁽³²⁾

Also part of the OECD BEPS initiative is the so-called country-by-country reporting, to which new countries have been added, whose names are to be included in the relevant legislation.

Date of entry into force of the above rules: 1 January 2023

14. ANOTHER EXTRA PROFIT TAX WAS IMPLEMENTED

14.1 Energy sector ⁽³³⁾

On 9 November 2022, the government issued a new decree which amends the previous Government decree 197/2022 (VI.4.) on extra-profit taxes. The amendment of the decree has added a special new group of taxpayers to the previously defined ones (like energy, aviation, insurance, banking sector). The new group of taxpayers is the power plants that are providing a so-called balancing control capacity to the transmission system operator (MAVIR). According to the new decree, from 1 January 2022, anyone who carries out (or completed) such activity will become a taxable individual regardless of whether they are domestic or foreign taxpayers, registered or unregistered in Hungary.



(30) Act CLI. of 2017 – 53.§ (7)

(31) Act CXC. of 2015 – Annex 1

(32) Act XCI. of 2017 – Annex 1

(33) Govnt. Decree 459/2022 (XI.9)

Tax liability



According to the legislation, taxpayers must also pay tax **retroactively for the period between 1 January and 30 November 2022** (i.e. the last day of the month in which the decree enters into force), if the taxpayers provided balancing control capacity to MAVIR during this period.

Taxpayers must pay 50% of the 13% special tax determined on the tax base calculated for the retroactive period by 20 December 2022, and the other 50% by 20 February 2023.

From 1 December 2022, the special tax – which will be 10% of the tax base in 2023 – will no longer be declared and paid by the taxpayers, but MAVIR will deduct it from the service charge of the power plant providing the additional capacity and pay it into the budget every month.

Obligation to register

According to the new decree, taxpayers who are not registered in Hungary must register with the tax authority by 15 December 2022, if they have a special tax liability for the period 2022.

A foreign taxpayer who provides balancing control capacity to MAVIR after 1 December 2022 and thus becomes subject to this special tax decree must register with the tax authority until the 1st day of the month following the month in which the decree becomes applicable.

Date of entry into force: first applicable for the tax year starting after 31 December 2021



14.2 Airlines ⁽³⁴⁾

Also on 9 November, a Government Decree amending the special tax (contribution) on airlines was adopted, which links the amount of the contribution to the amount of carbon dioxide emission rate per seat.

Amount of contribution:

Passenger's destination	CO ₂ emission per seat (kg)	Amount of contribution (HUF)
Europe	CO ₂ < 10.5	2,700
	10,5 < CO ₂ < 17.5	3,900
	17.5 < CO ₂	5,100
Outside Europe	CO ₂ < 10.5	6,800
	10.5 < CO ₂ < 17.5	9,750
	17.5 < CO ₂	12,700

The aircraft operator shall send the amount of carbon dioxide emission monthly – by the 5th of each following month – to the ground handling entity who is obliged to pay the contribution. In case the information is not sent, the amount of the contribution will be the highest amount depending on the destination.

Date of entry into force: 1 January 2023

15. ACT ON ACCOUNTING

15.1 Amendments affecting accounting rules

15.1.1 Accruals of expected grants and subsidies ⁽³⁵⁾

A previous amendment of the Act on Accounting allows companies to accrue the amount of expected grants and subsidies if the company is able to prove that it will comply with the conditions attached to the grant or subsidy, and is likely to receive that. The current amendment of the Act clarifies that the expected grant or subsidy can be recognised as accrued income only to the extent of the costs (expenses) already occurred.



⁽³⁴⁾ Gov. Decree 452/2022 (XI.9)



⁽³⁵⁾ Act C. of 2000 – 33.S (7)



Example

In 2022, the company received a subsidy advance in the amount of HUF 100 million as part of pre-financing. The settlement of the subsidy will take place in 2023. In 2022, the company acquired assets with a net value of HUF 80 million from the subsidy advance, the depreciation of the assets was HUF 10 million in 2022, no other subsidy-related costs arose during the year. The company can prove that the conditions related to the subsidy will be fulfilled and that the subsidy will likely be received.

Booking entries in 2022 related to subsidy and costs incurred:

Debit	Credit	Amount (HUF)	Description
38 – Bank account	47 – Other short-term liabilities	100 million	Subsidy advance received
57 – Depreciation costs	13 – Depreciation of technical machinery and equipment	10 million	Depreciation
39 – Accrued income	96 – Other income	10 million	Accrual of expected but not yet recognised subsidy

Date of entry into force: May be applied for the business year starting in 2022, mandatory for the business year starting in 2023

15.1.2 Change of retained earnings in the balance sheet of business associations established by way of transformation ⁽³⁶⁾

The regulations in force stipulate that in the event of a transformation which items may change the amount of retained earnings shown in the balance sheet of the legal predecessor. The list has been extended due to legal changes affecting the retained earnings which in the meantime entered into force, so it is modified also by the amount of the tax reserve recorded due to the transformation, as well as the release of the previous supplementary payment in the retained earnings.

Date of entry into force: May be applied for the business year starting in 2022, mandatory for the business year starting in 2023.

⁽³⁶⁾ Act C. of 2000 – 140.§ (7)

15.1.3 Shares in organizations operating in an institutional form ⁽³⁷⁾

As of right now The Act of Accounting does not consider shares in organizations operating in an institutional form to be participating interest. Pursuant to the amendment, shares in medical, social, cultural and educational institutions should be recognised as participating interest. At the time of the first application, a previously unrecognised share should be recorded against the capital reserve or the corresponding capital element at a value corresponding to the equity value of the institution shown in its latest financial statement.

Regarding the cost of the shares in organizations operating in an institutional form acquired later, the general rules must be applied based on *Section 49(3)-(7) of the Act of Accounting*.

In the case of an impairment calculation, the equity value included in the latest financial statement of the owned medical, social, cultural, and educational institution may also be taken into account as market value of the shares.

Date of entry into force: May be applied for the business year starting in 2022, mandatory for the business year starting in 2023

15.2 Other additions and clarifications

15.2.1 Value limit for simplified financial statement and audit obligations of companies created by legal succession ⁽³⁸⁾

As a gap-filling feature, it has been included in the regulation that in the case of new companies created by division, the same regulations should be applied as to companies established without a legal predecessor when examining the value limits for the simplified annual financial statement and audit obligation.

Pursuant to this, if the data of one or both of the two business years preceding the business year are missing or only partially available, then the expected data for the current year and – if it is available –, the data of the previous (first) business year (converted to an annual level) must be taken into account.

Date of entry into force: May be applied for the business year starting in 2022, mandatory for the business year starting in 2023.

⁽³⁷⁾ Act C. of 2000 – 27.§ (4a); 49.§ (8); 54.§ (12); 177.§ (87)

⁽³⁸⁾ Act C. of 2000 – 9.§ (5a), 155.§ (4a)

15.2.2 Short-term part of financial leasing ⁽³⁹⁾

It has been clarified that the instalment of the financial lease due in the year following the current year must be shown among short-term liabilities.

Date of entry into force: May be applied for the business year starting in 2022, mandatory for the business year starting in 2023.

15.2.3 Supplementary notes of simplified annual financial statements ⁽⁴⁰⁾

The supplementary notes of simplified annual financial statements must be prepared with a minimum amount of information. Pursuant to the amendment, if the company preparing the financial statement takes the opportunity of the Act on Accounting to derogate from the provisions of the Act, subject to the statement by the auditor, then this must be presented in the supplementary notes according to the general regulations.

Date of entry into force: May be applied for the business year starting in 2022, mandatory for the business year starting in 2023

15.2.4 Reporting requirements of companies preparing annual financial statement under IFRS ⁽⁴¹⁾

Companies who prepare their annual financial statement according to IFRS, have to apply the requirements of *chapter VI/A* for reporting amounts paid to governments and *chapter VI/B* of the Act for reporting the corporate tax information, as well.

Date of entry into force: Chapter VI/A can be applied to the business year starting in 2022, mandatory for the business year starting in 2023, chapter VI/B mandatory for the business year starting on or after 22 June 2024

15.2.5 Addendum to the auditor's report on corporate income tax information report ⁽⁴²⁾

The auditor's report must include the auditor's statement whether the company was obliged to publish a corporate income tax information report for the previous business year. If so, the auditor must also declare if the company has published the mentioned report in accordance with the relevant provisions of the Act on Accounting.

Date of entry into force: It shall be applied for the business year starting on or after 22.06.2024

§ (39) Act C. of 2000 – 42.§ (5) (40) Act C. of 2000 – 96.§ (4b)

(41) Act C. of 2000 – 114/I.§ (3)-(4) (42) Act C. of 2000 – 156.§ (5) p)

15.2.6 Concept of average number of employees ⁽⁴³⁾

The interpretation of the term „average number of employees” in the Act on Accounting raised practical questions. The current amendment is intended to solve this interpretation problem by replacing the term „average number of employees” with the term „average statistical number of employees”.



With regard to headcount concepts, “3/2010. (IV. 2) KSH publication about the major labour statistics concepts and their definitions” gives guidance ([here in Hungarian](#))

Date of entry into force: May be applied for the business year starting in 2022, mandatory for the business year starting in 2023

§ (43) Act C. of 2000 – 91.§ a), 96.§ (4); 133.§ (4) c); 116.§ (4)

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