

SME INFO HU

CHANGES IN TAXATION AND ACCOUNTING ADOPTED IN THE SUMMER OF 2023



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.

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The tax and accounting changes adopted in the Summer of 2023 may be divided into two categories:

1. Actual changes and modifications, including significant ones such as those affecting trust asset management.
2. Permanent implementation of measures that were previously temporarily introduced at government decree level – mostly during the time of the Ukrainian war crisis. These types

of technical modifications are marked in italics, drawing attention to the fact that these are already existing regulations. The presentation of changes is not comprehensive, as we publish only those changes that we consider to be important.

PS SME Team

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A. TAX LAW CHANGES

1 Contribution of airlines ⁽¹⁾

The current rules have been elevated to legislative level, into a separate law. We have thoroughly presented the regulation in our [SME INFO 2023-02](#), so we won't go into details here again.

Technical Effective date: August 1, 2023

2 Personal Income Tax

2.1 Expansion of family tax (base) allowance ⁽²⁾

Under the amendment law, the Personal Income Tax Act (hereinafter PIT Act) will incorporate the supplemental family tax (base) allowance – introduced previously by government decree during the state of danger – for those taking care of a beneficiary dependant who is permanently ill or seriously disabled. The integration of this supplemental allowance into the law did not substantially alter the rules and conditions known before, but it removed minor obstacles related to the special use of the benefit. The essence of the legislation is that the defined eligibility group may receive an extra (HUF 66,670 /person/month) tax base allowance beyond the tax base allowance for beneficiary children.

Technical effective date: August 1, 2023

2.2 Tax allowance for mothers under the age of 30 ⁽³⁾

Similar to the supplemental family tax (base) allowance, the tax allowance for mothers under the age of 30 is also transferred from government decree level to the PIT Act without substantive changes. Young mothers who have turned 25 but are not yet 30 at the time of their child's birth are eligible for the allowance. The basic condition for claiming the allowance is the eligibility for the family tax allowance for the beneficiary child (fetus, adopted child). The upper limit of the allowance has been tied to the gross average wage at the national economic level, according to the statistical index of the Hungarian Central Statistical Office (KSH) for the middle of the previous year. Its applicable amount for 2023 was HUF 499,952 according to the KSH data from July 2022, and the applicable amount for 2024 can be expected by the end of September 2023.

Technical effective date: August 1, 2023



- (1) Act LIX of 2023 on Airline contributions and modifications of certain tax laws - 1.§-4.§
- (2) Act CXVII of 1995 on Personal Income Tax - 29/A.§ (2a)
- (3) Act CXVII of 1995 - 29/G.§

2.3 Closing the „loophole“ in taxation of assets in fiduciary asset management and private foundation arrangements ⁽⁴⁾

Through the newly adopted amendment law, a new element has been added to the PIT Act's section on capital incomes from certain separately taxed incomes, namely the „provisions related to the tax liability of the asset managed under a fiduciary asset management contract and of the private foundation assets“. The purpose of the new provision is to close a favourable tax treatment that so far allowed (as there was no legislative provision for it) for the non-taxation of increase in value of assets placed into fiduciary asset management contract (at the time of transfer) or private foundations (at the time of establishment or joining), thus creating very positive tax planning conditions for wealthy private individuals. After the effective date, assets transferred into a fiduciary asset management contract (or private foundation) are deemed to have been sold, thus if there is a positive difference between the acquisition value (the cost of the transferred asset) and the value established when entering the fiduciary asset management contract (typically market value), it will be taxable as capital income at the asset grantor. The adopted amendment to the law is somewhat „softer“ than the original proposal from June (with certain cases being exceptions, such as in case of the death of the asset grantor), but the essential amendment was passed by the Parliament, thus this tax planning loophole has been closed.

Effective date: September 12, 2023

2.4 Deductibility of losses from crypto transactions ⁽⁵⁾

Under the amendment law, the loss resulting from transactions conducted with crypto assets will not be lost and may be taken into account as a loss based on the tax equalization mechanism (according to general rules) even if the taxpayer does not realize income from crypto asset transactions in the year of the loss occurrence. Furthermore, the definition of the expense spent on acquiring crypto assets has been clarified and expanded.

Effective date: January 1, 2024.



(4) Act CXVII of 1995 – 65/C.§

(5) Act CXVII of 1995– 67/C.§ (2) and (4)

2.5 Increase in expense reimbursement related to commuting to work ⁽⁶⁾

The maximum amount of commuting allowance exempt from taxation under the PIT Act is raised from HUF 15 to up to HUF 30. Other rules regarding the documentations and definitions remain unchanged.

Technical effective date: August 1, 2023

2.6 Temporary change to SZÉP Card ⁽⁷⁾

The following measures were introduced – not as part of the large Summer tax package – as temporary measures due to the state of danger, and outlined separately in a government decree in connection with the SZÉP Card and will be in effect between August 1 and December 31, 2023.

- a) Employers may offer their employees a one-time extra benefit of up to HUF 200,000 on the SZÉP Card, in addition to the annual limit of HUF 450,000. According to an information bulletin issued by the tax authority, if an employee has multiple employers, they are eligible to receive this HUF 200,000 benefit from each employer under the preferential terms of the SZÉP Card. Also, based on the information in the bulletin, the HUF 200,000 can be transferred in multiple instalments and does not need to be pro-rated based on workdays if the employment relationship does not exist for the entire tax year.
- b) The full amount on the SZÉP Card can be used to purchase cold food items as well.

Effective date: August 1, 2023

3 Corporate Tax

3.1 Company with holdings in rezoned arable land ⁽⁸⁾

The concept of a company with holdings in rezoned arable land will be expanded to include cases where the taxpayer acquires such land assets after the balance sheet date and subsequently sells its holdings in the same year. In this case, the applicable 75% ratio should be calculated based on the



(6) Act CXVII of 1995 – 25.§ (2) bb)

(7) Government Decree of 237/2023. (VI. 19.)

(8) Act LXXXI of 1996 on Corporate Tax and Dividend Tax – 4.§ 18/b, 29/A.§ (117)

data in the general ledger from the day preceding the transaction instead of the data in the last financial statements. This rule applies to holdings sold after the effective date of the law.

Effective date: August 14, 2023

3.2 Loss carry forward ⁽⁹⁾

As per the amending law, the time limit of December 31, 2030, for the usability of carry forward (and yet not utilized) loss incurred up to the last day of the tax year starting in 2014, will be abolished. Henceforth, the loss incurred until 2015 can be carried forward without any time limit.

Effective date: July 15, 2023

3.3 New category for investment tax incentives ⁽¹⁰⁾

The amending law introduces a new category for investment tax incentives namely investments aimed at achieving zero net emissions. The eligible incentive cannot exceed 80% of the calculated corporate tax liability. The tax incentive can be claimed for investments related to the manufacturing of the following types of equipment and materials:

- battery
 - solar panel
 - wind turbine
 - heat pump
 - electrolyzer
 - equipment for carbon dioxide capture and storage,
- including the production of key components directly used in the equipment and the production or recovery of related raw materials.

The new investment tax incentive will be considered a transitional incentive, and the Minister responsible for tax policy will register the applications for the incentive until the end of 2025. It is also noted that the transitional incentive can reach a maximum of 15% of the present value of the investment in the case of projects in Budapest, and 35% for all other cases.

Effective date: July 15, 2023



(9) Act LXXXI of 1996 – 29/A.§ (6)

(10) Act LXXXI of 1996 – 4.§ 25a, 22/B.§ (1) k), (20)-(35), 29/A.§ (115)-(116)

4 District heating services ⁽¹¹⁾

The definition of an energy supplier was modified during the state of danger through a government decree. This definition will now be elevated to the level of legislation, meaning that the following entities will be subject to tax:

- Companies engaged in the production of petroleum products,
- Wholesale dealers of petroleum products,
- Traders selling petroleum products, provided that they sell petroleum products imported from abroad within Hungary.

For traders selling petroleum products imported from abroad within Hungary, the tax base will be apportioned based on the ratio of domestically and foreign-sourced petroleum products. Separate records must be kept for domestically and foreign-sourced petroleum products.



In comparison to the emergency provisions, there is a novelty in the calculation method of the ratio: instead of comparing to the cost of sold goods, we compare it to the total procurement value of all purchased petroleum products.

Technical effective date: August 1, 2023

5 Simplified employment ⁽¹²⁾

The provisions previously included in a government decree during the state of danger are now elevated to the level of legislation regarding simplified employment, as follows:

For film industry staff employed on an occasional basis, the daily net income shall not exceed 12% of the minimum wage valid on the first day of the month, rounded to the nearest hundred forints.

Under simplified employment, the amount of payable tax & contribution per calendar day per employee will be the following percentage of minimum wage valid on the first day of the month:

- 0.5% for seasonal agricultural and tourism work,
- 1% for occasional work,
- 3% for occasional work as a film industry staff.

These amounts shall be rounded to the nearest hundred forints.



(11) Act LXVII of 2008 on District Heating - 10.§ 1.2 és 6.§ (1), (11a), (11b)

(12) Act LXXV of 2010 on Simplified Employment - 4.§ (2)

The calculation base for pension benefits under simplified employment will also be the predefined percentage of minimum wage valid on the first day of the month. The percentages are the followings:

- 1.4% per day for seasonal agricultural and tourism work,
- 2.8% for occasional work and occasional work as a film industry staff.

These amounts shall be rounded to the nearest hundred forints.

Technical effective date: August 1, 2023

6 Innovation contribution

6.1 Determination of the contribution base and related parties ⁽¹³⁾

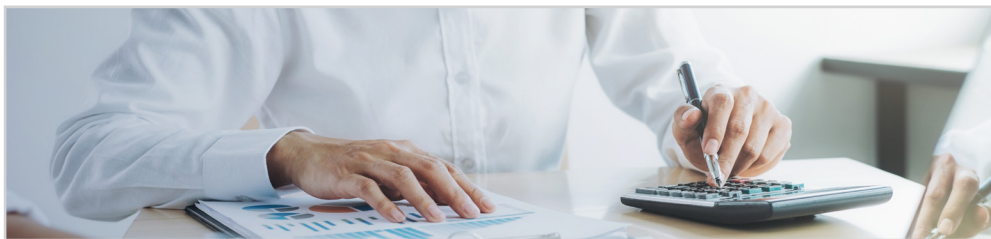
With the amendment, the innovation contribution base will be aligned with transfer pricing principles to harmonize with the local business tax base. The usual market price to be considered for the contribution base will be determined according to the transfer pricing methodology prescribed in corporate taxation.

Effective date: August 14, 2023

6.2 Small business tax and innovation contribution ⁽¹⁴⁾

Under the amending law, those companies opted for small business tax and obligated to pay the innovation contribution may determine their contribution base based on the simplified local business tax base. In this case, the taxpayer's choice for the simplified contribution base determination will apply for the entire tax year. The taxpayer must notify the tax authority of this choice in the contribution return, no later than the deadline for submitting the return.

Effective date: August 14, 2023



- (13) Act LXXVI of 2014 on Research and Development - 16.§ (1) a)
(14) Act LXXVI of 2014 - 16.§ (1) b) és (10)

7 Value Added Tax (VAT)

The amendment to the Value Added Tax Act (VAT Act) serves to clarify practical cases and adapt to newly introduced regulations.

7.1 Group VAT payers ⁽¹⁵⁾

Companies will receive practical facilitation as the amendment clarifies the case of exiting from the group VAT payer status. Exiting from the group VAT payer status must be treated, in terms of VAT rights and obligations, as if a legal succession had occurred.

Effective date: July 15, 2023

7.2 Reorganisation defined by law ⁽¹⁶⁾

During reorganisation defined by law, if a task assigned by law to one taxpayer is transferred to another taxpayer and the law states that the receiving taxpayer is a legal successor, the transfer should also be considered a legal succession for VAT purposes. Consequently, no VAT payment obligation arises for product sales or service provisions, and the transferor will have joint and several liability for the VAT obligations incurred up to the acquisition.

Effective date: July 15, 2023

7.3 Mandatory redemption scheme ⁽¹⁷⁾

In line with the *EPR (Extended Producer Responsibility) changes*, a mandatory redemption scheme will be introduced in Hungary. This means that the VAT Act will regulate the tax liabilities related to mandatory redemption fees for non-reusable products. The redemption fee for such products will not be part of the tax base in case of product sales; therefore, no VAT payment obligation arises for the redemption fee (visszaváltási díj) upon such product sales.



If the non-reusable product is not returned within the given year, a product sales will occur, and the operator of the mandatory redemption scheme will be liable to pay the tax. The time of tax determination will be the last day of the calendar year (December 31). In this case, the redemption fee should be considered to include the payable tax.



- (15) Act CXXVII of 2007 on Value Added Tax - 17.§ (3) f)
(16) Act CXXVII of 2007 - 17.§ (6), 18.§ (2) i)
(17) Act CXXVII of 2007 - 71.§ (1) d), 77.§ (2); 243/C§, 243/D.§, 243/E.§



For reusable products, the redemption fee (betéti díj) will remain part of the VAT base.

Effective date: January 1, 2024.

7.4 Electronic receipt (e-receipt) ⁽¹⁸⁾

As known, the Hungarian Government has set the goal of introducing e-receipts in the near future which will involve numerous legislative and technical changes. The VAT Act prepares for this by clarifying concepts such as e-receipt, electronic cash register, etc.

Effective date: July 15, 2023

7.5 Purchase of domestic real estate by EU-settled taxpayers ⁽¹⁹⁾

The amendment to the VAT Act introduces a simplification for foreigners, allowing taxpayers settled in an EU member state but not domestically to reclaim the recharged VAT related to the acquisition of domestic real estate through a special VAT refund procedure via the appropriate form to the Hungarian Tax Authority (ELEKAFA).

Effective date: July 15, 2023

7.6 VAT rate for daily newspapers ⁽²⁰⁾

The VAT rate for daily newspapers (appearing at least four times a week) will be reduced to 0%.

Effective date: January 1, 2024

7.7 Change in deadline for issuing an invoice ⁽²¹⁾

The deadline for issuing invoices will also change. The obligation to issue an invoice without delay will apply – regardless of the payment method – when the consideration is paid before performance date (previously, this rule only applied to cash or cash-substitute payment instruments).

Effective date: July 15, 2023



(18) Act CXXVII of 2007 – 259.§ 6/B-6/C, 13/B-13/C
(20) Act CXXVII of 2007 – 82.§ (4)

(19) Act CXXVII of 2007 – 246.§ c)
(21) Act CXXVII of 2007 – 163.§ (2) b)

8 Public health product tax

The legislative provisions related to the public health product tax, as specified in Government Decree 197/2022 (VI. 4.) concerning extra profit taxes, will be elevated to legislative level. These provisions will also be presented in tabular form as an appendix to the law, indicating the amount of tax imposed on each product, thereby facilitating greater transparency. ⁽²²⁾

Technical effective date: August 1, 2023

9 Local business tax

9.1 New place of business and net revenue rules

a) Temporary work agencies ⁽²³⁾

According to the amending law, a new concept of place of business will be established for temporary work agencies acting according to the Labour Code. Accordingly, these agencies will have a place of business in all municipalities where the hired employees work a total of at least 21,000 hours (in case of 8 hours/day/100 employees, maximum 26 days) within the tax year. This amendment allows the respective municipalities where the new places of business are created to tax the revenue generated in this manner.

Effective date: January 1, 2024

b) Air Passenger Transporters ⁽²⁴⁾

The amending law also introduces another place of business rule for businesses engaged in air passenger transport services. Under the new rule, companies providing air passenger transport services will create a place of business in the jurisdiction of the municipality where the airport defined by the Air Transport Act is located and from where the company's flights depart. The amending law does not differentiate between companies with a representation office or an absence thereof in Hungary (as confirmed in the justification of the law). For air passenger transporters, the amending law also modifies the concept of net revenue, considering the revenue received for providing services related to passenger flights departing from Hungary, including ticket revenue, baggage fees, additional charges, etc.

Effective date: January 1, 2024



(22) Act CIII of 2011 on Public health product tax – 6.§
(23) Act C of 1990 on Local Taxes – 52.§ 31. g) (24) Act C of 1990 – 52.§ 31. f), 52.§ 22. e)

9.2 Special tax base division rules for airlines ⁽²⁵⁾

For companies engaged in air passenger transport, the amending law also modifies the tax base dividing rules due to the establishment of the new place of business concept. The essence of this modification is that:

- 20% of the tax base should be divided between the registered address and „traditional“ place(s) of business (if any) according to standard allocation methods,
- 80% of the tax base should be shared among the registered address and place(s) of business corresponding to the new special place of business concept (departure airports) based on the ratio of transported passengers at the given place of business to the total number of transported passengers. If the airport considered a place of business is located within the jurisdiction of multiple municipalities, the tax base allocated to the airport should be divided in proportion to the surface area of the airport in each respective municipality.

Effective date: January 1, 2024, but the option to apply it in the financial year that includes December 31, 2023, is available.

10 Social Contribution Tax

10.1 Other income and payer's responsibilities ⁽²⁶⁾

The amending law clarifies the payer's responsibilities in case of certain other income categories subject to personal income tax (PIT) that require the payment of social contribution tax (SCT). If the other income – qualifying as per the PIT Act – is received from a payer, the payer is responsible for SCT payment unless the payer is not obligated to calculate PIT prepayment. If the payer is liable for SCT payment, it must calculate, declare, and pay SCT on a monthly basis.

Effective date: August 1, 2023

10.2 Interpretation changes in tax allowance available on entrants to the labour market ⁽²⁷⁾

As per the current SCT Act, a tax benefit can be claimed for individuals entering the labour market. The law defines who can be considered as entrants to the labour market. The amending law changes this definition and states that



(25) Act C of 1990 – Annex 2.5 and 51/R.5

(26) Act LII of 2018 on Social Contribution Tax - 3.§ (3) 18.§ (2a)

(27) Act LII of 2018 – 11.§ (2)

employees who are citizens of third countries cannot be considered as entrants to the labour market, and therefore, they are not eligible for this benefit.

Effective date: August 14, 2023

10.3 Interpretation changes in tax allowance available on persons with reduced ability to work ⁽²⁸⁾

As per the current SCT Act, tax benefits available for persons with reduced work ability cannot be claimed by employers who employ severely disabled employees without comprehensive qualifications confirming their reduced work ability, and they receive disability support or blind person's personal support instead of reduced work ability support. To ensure equal opportunities, the amending law supplements this list with individuals mentioned before, who, when employed, can benefit from partial exemption from SCT.

Effective date: August 1, 2023

10.4 Non-cash benefits provided for foreigners become taxable benefits ⁽²⁹⁾

The amending law makes SCT applicable to benefits like

- non-wage benefits and
- specific defined benefits

provided to foreign (as defined in Social Security Law) individuals.

Effective date: August 14, 2023

10.5 Special tax refund option ⁽³⁰⁾

The procedural rules modified by the amending law create a new type of tax refund option. As per the current procedural rules, if the payer withholds more tax from the individual than their SCT obligation, the individual can claim a refund in their personal income tax return. However, this could disadvantage certain individuals who are not required to submit a PIT return, such as individuals considered foreigners under the Social Security Law or those covered by regulations on the coordination of social security systems in another member state or the institutions of the European Union. The new option allows these individuals to claim SCT refunds based on a certificate issued by the payer confirming the withheld tax. After evaluating the submitted request, the tax authority will transfer the requested refund to the account indicated by the individual.

Effective date: September 1, 2023.



(28) Act LII of 2018 – 13(3)

(29) Act LII of 2018 – 5.§ (6) c)

(30) Act LII of 2018 – 29.§ (3a)

11 Extraprofit tax changes

Under the current legislative package, various provisions related to special taxes, such as the special tax for financial enterprises, securities transaction duty, or financial transaction duty, remain substantially unchanged and are transferred to the relevant sector-specific laws. We provided information about these rules previously, so do not go into details here again.

Technical effective date: August 1, 2024

12 Rules of taxation

12.1 Extraordinary VAT return ⁽³¹⁾

A new provision is introduced to allow taxpayers to file an extraordinary VAT return if their reporting frequency changes during the tax assessment period due to, for example, engaging in activities that do not entitle them to deduct VAT (cases as defined in Annex 2, Section I.B. 3.4). In such cases, the taxpayer must submit an extraordinary VAT return for the period not yet covered by the regular VAT returns.

Effective date: September 12, 2023

12.2 Payment of corporate tax and local business tax in foreign currency ⁽³²⁾

During the state of danger, a new provision was introduced to allow taxpayers to fulfil their obligations to pay corporate tax and local business tax in USD and EUR. This provision has now been elevated to a legislative level.

Technical effective date: August 1, 2023



(31) Act CL of 2017 on Rules of Taxation – 52.§ (6)

(32) Act CL of 2017 - 66/A.§ és 66/B.§

12.3 Partial payment facilitation ⁽³³⁾

Legal entities are granted a facilitation concerning tax liabilities. They can request a one-time, interest-free, partial payment of tax arrears up to one million forints per year. This request is automatically granted to eligible applicants without the need for assessment.

Effective date: October 12, 2023

12.4 Changes in reliable taxpayer status

Two changes have been made to facilitate the reliable taxpayer status.

- Firstly, taxpayers with a tax debt not exceeding HUF 100,000 will no longer lose their reliable taxpayer status, which was the case under the previous regulation. ⁽³⁴⁾
- Secondly, unlike the current rules, group taxpayers, or their members, will not be required to have a positive tax performance to obtain reliable taxpayer status. ⁽³⁵⁾

Effective date: July 15, 2023

12.5 Ease in the database on taxpayers without public debt ⁽³⁶⁾

Another change benefiting taxpayers is that those with tax debts not exceeding HUF 30,000 and/or with tax liabilities not exceeding HUF 5,000 will not be removed from the database on taxpayers without public debt.

Effective date: November 1, 2023

12.6 Changes in tax number cancellation procedure

To tighten the rules, taxpayers who are electronically obliged to transact with the tax authority, but do not possess an electronic communication capability, will have their tax numbers cancelled by the tax authority. ⁽³⁷⁾

Effective date: October 12, 2023

Under current rules, if a taxpayer fails to file a return despite receiving a notice, its tax number is cancelled by the tax authority after 365 days the notice issued. Due to the amendment, this period is reduced to 180 days. ⁽³⁸⁾

Effective date: September 12, 2023



(33) Act CL of 2017 - 199.§ (2a)

(34) Act CL of 2017 - 153.§ (1) c)

(35) Act CL of 2017 - 153.§ (1a)

(36) Act CL of 2017 - 260.§ (1) a)

(37) Act CL of 2017 - 246.§ (1) i)

(38) Act CL of 2017 - 246.§ (1) g)

13 Tax Administration

13.1 Powers of Attorney ⁽³⁹⁾

A new rule introduced by the law is that when a power of attorney is submitted by the principal, there is no longer a requirement to attach the actual power of attorney from now on.

Effective date: July 15, 2023

13.2 Changes affecting fiscal representatives ⁽⁴⁰⁾

A stricter rule is introduced concerning fiscal representatives. To qualify as a fiscal representative, companies will now need to have a registered capital of HUF 150 million instead of the current HUF 50 million. Companies already listed as fiscal representatives have the possibility until January 1, 2025, to meet the HUF 150 million capital requirement.

Effective date: October 12, 2023

14 Additional extra profit tax changes

Concurrently with the tax law amendments, the *Government Decree No. 197/2022 (VI. 4.) on Extra Profit Taxes* has been further amended. Here are the highlights.

14.1 Special tax for oil product producers ⁽⁴¹⁾

Thanks to the new regulation, the special tax rate for oil product producers will decrease from the current 2.8% to 1% as of January 1, 2024. The tax base for this special tax will still be the net revenue determined based on the 2022 annual financial statements.

Effective date: January 1, 2024

14.2 Special tax for pharmaceutical producers ⁽⁴²⁾

According to the new changes, pharmaceutical producers can reduce their special tax liability for 2024 if they engage in research and development activities or acquire tangible assets. The reduction of the special tax amount is capped at 50% of the special tax liability calculated without considering the reduction items for a given tax year.

Effective date: January 1, 2024



(39) Act CLI of 2017 on Tax Administration - 15.§ (4) (40) Act CLI of 2017 - 20. § (2), 139/Fs
(41) Government Decree of 197/2022 on Extra Profit Taxes - 2/A.§ (1), (3)
(42) Government Decree of 197/2022 - 4/A.§ (5a)-(5c)

14.3 Special tax for pharmaceutical wholesalers ⁽⁴³⁾

Regarding the tax years 2023 and 2024, the same special tax reduction items that apply to pharmaceutical producers can also be applied to pharmaceutical wholesalers. The tax reduction may be up to 50% of the tax liability without considering the reduction items. Importantly, with the consideration of the reduction, the tax liability cannot be less than the amount that would have been payable at a 20% tax rate.

Effective date: July 18, 2023



B. CHANGES TO THE ACCOUNTING ACT

15 Preservation of corporate tax information report and statement on the website ⁽⁴⁴⁾

According to the provisions of the Accounting Act, the report containing corporate tax information and, if necessary, the statement regarding the lack of completeness of the report must be published on the company's website. This requirement was appropriately supplemented, based on an EU directive, by the need for the report or statement to remain accessible for at least five consecutive years on the relevant website.

Effective date: to be applied to the financial statements prepared for the business year starting on or after June 22, 2024.

16 Supplementation of transformation rules ⁽⁴⁵⁾

The *Act CXXIV of 2021* on cross-border conversions, mergers, and de-mergers of limited liability companies contains several specific provisions – differing from purely domestic conversions, mergers, de-mergers – which need to be taken into account when carrying out accounting tasks of cross-border conversions, mergers, and de-mergers.

Effective date: to be applied to the business year beginning in 2024, but may also be applied to the business year beginning in 2023.



(43) Government Decree of 197/2022 - 7.§ (3)-(7)
(44) Act C of 2000 on Accounting - 134/G.§ (3a) and 177.§ (91)
(45) Act C of 2000 - 142§ and 177.§ (89), (90)

17 Supplementation of the provision related to the business year in connection with the compulsory liquidation procedure ⁽⁴⁶⁾

According to the currently valid corporate procedure, the compulsory liquidation procedure may also conclude in such a way that the company does not cease to exist, but returns to normal business operations, similar to the possibility in case of winding-up or voluntarily liquidation.

In line with this, as per the amendment to the Accounting Act, if the compulsory liquidation procedure concludes with the company not ceasing to exist, the business year following the conclusion of the procedure extends from the day following the day of conclusion of the compulsory liquidation procedure to the day designated by the company as the end of the business year, as the balance sheet date.

Effective date: January 1, 2024

18 Mandatory appointment of a chartered accountant ⁽⁴⁷⁾

The company must appoint a registered chartered accountant to manage accounting tasks and prepare the report if its annual net sales revenue exceeds HUF 10 million on average over the two business years preceding the business year – or is expected to exceed in the current year in the absence of the former. Considering increased costs and the effects of inflation, the threshold value of HUF 10 million will be raised to HUF 20 million.

Effective date: to be applied to the business year beginning in 2024, but can also be applied to the business year beginning in 2023

19 Division by separation as a new legal institution ⁽⁴⁸⁾

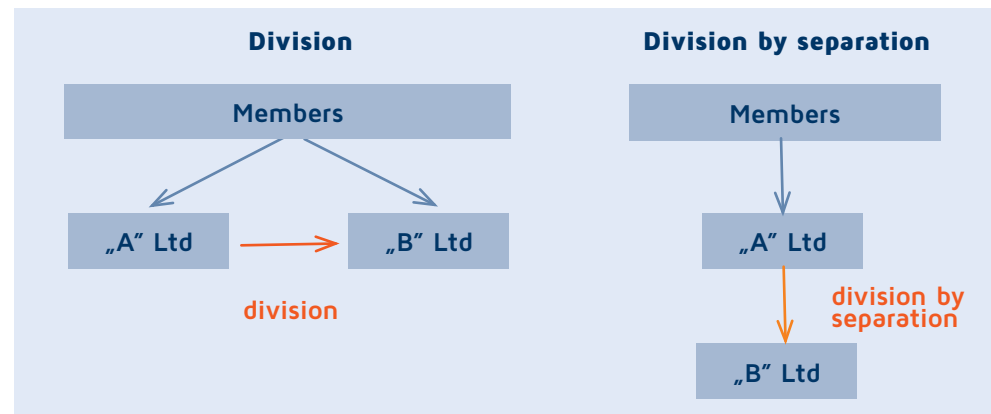
In addition to the existing two types of de-merger, separation and division, a new, special legal institution, division by separation, has been created. Division by separation differs from division in that the members of the legal successor are not the members of the dividing legal entity, but the dividing legal entity itself, which continues to operate the new company or sell it in this form. The new legal institution provides an opportunity for a company to separate and transfer part of its assets, operations to a new company (a subsidiary) in one step.



(46) Act C of 2000 on Accounting – 11.§ (10) and 177.§ (89), (90)

(47) Act C of 2000 – 151.§ (2)

(48) Act C of 2000 9.§ (5a), 49.§ (6), 84.§ (d), 136.§ (1), (7), (10); 137.§ (2), (4), 139.§ (3), 141.§(3), (3a), 155.§ (4a)



Due to the new legal institution, the Accounting Act also had to be amended, according to which:

- the execution of the asset transfer and the inclusion of the shares received in return must be accounted for in accordance with the rules for establishing business associations,
- when preparing the statement of assets and liabilities and the underlying inventory of holdings, the provisions for the de-merger must be properly applied.

Effective date: January 1, 2024

The banner features a dark background with silhouettes of two people climbing a rock formation. One person is on a higher ledge, reaching out to help another person who is on a lower ledge. In the top left corner is the PS logo, and in the top right corner is the text 'ps subject matter expert team'. At the bottom, there is a dark orange bar with white text that reads: 'Review SME INFO newsletters on PS Group website ... even as downloadable bilingual pdf versions'.