

SME INFO HU

CHANGES TO THE SUSTAINABILITY REPORT UNDER THE ACCOUNTING ACT AND THE ESG ACT ADOPTED IN JUNE 2025



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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As of 1 January 2024, two important sustainability-related legislative changes have entered into force in Hungary. Pursuant to the ESG Act, those, subject to this act must carry out sustainability due diligence, including ESG reporting, and the Act on Accounting was supplemented with requirements

for sustainability reporting. In this publication we review the legislative changes affecting these two reporting obligations.

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1 CHANGES TO THE SUSTAINABILITY REPORT

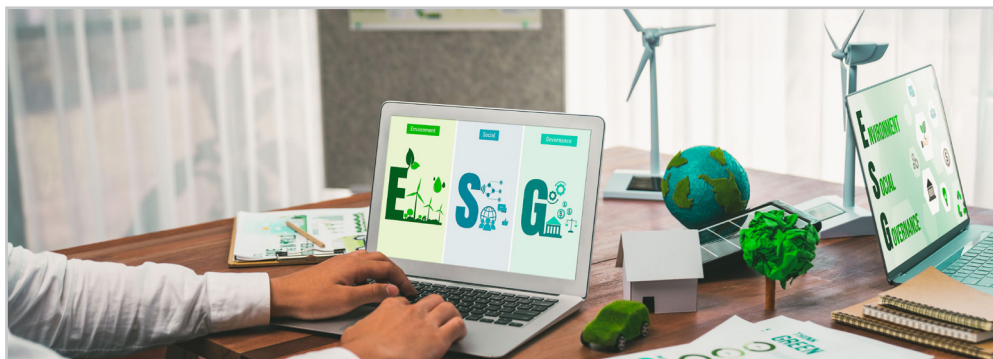
In the **PS SME INFO Nr.2024-5⁽¹⁾** we have described in detail, that taking into account the **size of the company** (balance sheet total, annual net sales, average number of employees) and whether it qualifies as a **company of public interest**, which companies and **from when** will be obliged to prepare a sustainability report, as the scope of the reporting obligation will **gradually be extended** from the 2024 business year to the 2028 business year.

1.1 Postponement of reporting liability ⁽²⁾

With the implementation of the April 2025 amendment of the EU CSRD Regulation (Corporate Sustainability Reporting Directive⁽³⁾) into the domestic legal system, the **reporting obligation** will be **postponed** for certain groups of obliged entities:

- **non-public-interest entities and parent companies** preparing consolidated financial statements that exceed any of the following three indicators on the balance sheet date in two consecutive years preceding the financial year:
 - the balance sheet total is HUF 10 billion,
 - the annual net sales is HUF 20 billion,
 - the average number of employees in the business year is 250must apply the requirements of the sustainability reporting obligation for the first time for the business year starting in **2027 instead of 2025**.
- an **enterprise who does not qualify as a micro-enterprise** and is **listed on the stock exchange** of an EEA state must apply the requirements of the sustainability reporting obligation for the first time for the financial year starting in 2028 instead of 2026.

Entry into force: 20 June 2025



1.2 Extension of the scope of exemptions ⁽⁴⁾

According to the law, the **exemption from the individual reporting obligation** could only be applied **by subsidiaries** if the prescribed conditions are met. However, in order to comply with the relevant EU CSRD Directive, according to the amendment to the law that entered into force on 13 May 2025, the **parent company** (not qualifying as a subsidiary) preparing a consolidated sustainability report **may also be exempt** from the preparation of an individual sustainability report if its business report contains:

- the place where the consolidated sustainability report and its assurance opinion is published, and
- the fact of exemption.

Entry into force: Exemption can also be chosen for the business year starting in 2024.

2 CHANGES OF ESG ACT

In the **PS SME INFO Nr.2024-5⁽¹⁾** we provided an overview of the **framework and foundations** of the ESG Act based on EU directives and standards on sustainability (scope of the law, content of the financial statements, exemption), given that the detailed description and fulfilment of sustainability-related obligations is beyond the competence of the accountant.

In this publication, based on the proposed legislative amendment adopted in June 2025, we review the major changes that affect the information presented in the 2024-5 SME INFO, as described above.

2.1 Change in the scope of obligated parties ⁽⁵⁾

The scope of the ESG Act will be gradually extended from the financial year starting in 2024, depending on the size of the companies (balance sheet total, annual net sales, average number of employees) and whether they qualify as public-interest entities.

According to the amendment of the Act, the scope of companies that will become obligated will be significantly narrowed:

- **small and medium-sized enterprises of public interest** will not be obliged to prepare ESG reports from 2026 onwards,
- among **large enterprises that do not qualify as public-interest enterprises**, only those, whose **main activity classification under the TEÁOR** is subject to the reporting obligation and also exceeds the **modified limits** will become obligated.

Change in the limits of large enterprises not qualifying as public-interest enterprises

Original limits	Modified limits
On the balance sheet date in the previous financial year, either two of the following three indicators exceed the limit indicated below: <ul style="list-style-type: none">balance sheet total: HUF 10 billion,annual net turnover: HUF 20 billion,average number of employees: 250 persons.	On the balance sheet date in the previous two financial year, one of the following indicators exceed the limit indicated below: <ul style="list-style-type: none">annual net sales: HUF 90 billion,average number of employees: 500 persons.

List of TEAOR codes for large enterprises not classified as public-interest enterprises subject to the reporting obligation:

- 20 Manufacture of chemicals and chemical products

21 Manufacture of basic pharmaceutical products and pharmaceutical preparations

22 Manufacture of rubber and plastic products

23 Manufacture of other non-metallic mineral products

24 Manufacture of basic metals

25 Manufacture of fabricated metal products, except machinery and equipment

26 Manufacture of computer, electronic and optical products

27 Manufacture of electrical equipment

28 Manufacture of machinery and equipment n.e.c.

29 Manufacture of motor vehicles, trailers and semi-trailers

30 Manufacture of other transport equipment

31 Manufacture of furniture

32 Other manufacturing
- 33 Repair, maintenance and installation of machinery and equipment

35 Electricity, gas, steam and air conditioning supply

46 Wholesale trade

47 Retail trade

49 Land transport and transport via pipelines

50 Water transport

51 Air transport

61 Telecommunication

62 Computer programming, consultancy and related activities

63 Computing infrastructure, data processing, hosting and other information service activities

64 Financial service activities, except insurance and pension funding

65 Insurance, reinsurance and pension funding, except compulsory social security

66 Activities auxiliary to financial services and insurance activities

2.2 Postponements affecting ESG reporting, certification and data reporting ⁽⁶⁾

In order to **reduce administrative burdens**, the amendment introduces the following facilitations and small and medium-sized sector related prohibitions:

- Public-interest large enterprises** that have already become obliged to prepare ESG reports for their **2024 financial year** are not obliged to conduct certification in connection with these reports.
- For **large companies**, the obligation to prepare ESG reports will remain in force for the **2025-2026 business years**, however:
 - they are not required to send the ESG report and the related certificate to the Authority, and
 - they are not obliged to publish ESG reports on their websites free of charge and publicly.
- Medium-sized companies** may not commit to ESG disclosure until 30 June 2027, either in a contract or in a written statement.
- Micro or small enterprises** cannot be required to provide ESG data until 30 June 2027, and they cannot commit to ESG reporting either in a contract or in a written statement.

Entry into force: 20 June 2025

References:

- 1 [PS SME Info 2024-5: ESG reporting and sustainability reporting under the Act on Accounting \(downloadable pdfs in English and Hungarian\)](#)
- 2 [Act C of 2000 177.§ \(98\), \(99\), \(100\)](#)
- 3 [2022/2464 EU Directive \(04.12.2022\)](#)
- 4 [Act C of 2000 95/B.§ \(2a\), 95/F.§ \(11\), 177.§ \(111\)](#)
- 5 [Act CVIII of 2023 1.§ \(1\) a, b, c](#)
- 6 [Act CVIII of 2023 54.§ \(1\)-\(6\)](#)

