

## SME INFO HU

15 June 2023

### EXTRA PROFIT TAXES IN HUNGARY



In order to make up for the budget deficit and to maintain the reduction in utility costs, the Government has imposed special taxes in several areas, which are laid down in *Government Decree 197/2022 (4.VI.) on Extra Profit Taxes* (hereinafter Government Decree). It should be noted that most of the special taxes, contrary to the name of the Government Decree, do not tax profit, but e.g. sales revenues, number of passengers, and there are also amendments which do not impose a special tax, but modify the current tax rate or extend the scope of taxpayers. Most of the special taxes were implemented for the tax years 2022 and 2023, but there are amendments for which there is no time limit. The Government Decree has been modi-

fied several times since its publishing. **The below tables show the actual rules highlighted with red the latest modifications issued on 31 May 2023 in Government Decree 206/2023 (31.V.).** These latest modifications mainly related to the year 2024 overwriting the original goal of ceasing the extra profit taxes at the end of 2023.

The changes we consider important are presented in detail, the others are only mentioned.

The PS SME Team

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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## I. SPECIAL TAXES

### a) Special tax on credit institutions and financial enterprises <sup>(1)</sup>

 Date of entry into force: 1 July 2022

Tax year(s) it applies to	<ul style="list-style-type: none"> <li>Tax year 2022 (full tax year including 1 July 2022)</li> <li>Tax year 2023</li> <li><b>Tax year 2024</b></li> </ul>
Taxable person	<i>Credit institution and financial enterprise within the meaning of Act CCXXXVII of 2013</i>
Basis of special tax	<ul style="list-style-type: none"> <li>Tax year 2022: The tax is based on the net sales revenue as defined in Act C of 1990 on Local Taxes, based on the annual financial statements of the tax year preceding the current tax year. (In the case of credit institutions and financial enterprises, the method of calculating the net sales revenue is set out in the Act on Local Taxes.) <sup>(2)</sup></li> <li>Tax year 2023: <ul style="list-style-type: none"> <li>between 01.01.2023 – 30.06.2023: The same as in 2022, tax base is as defined in Act C of 1990 on Local Taxes (just in this case only 50% of net sales based on the annual financial statements of the tax year preceding the current tax year) and</li> <li>between 01.07.2023 – 31.12.2023: Corrected profit before tax of 2022 tax year (special increasing and decreasing items have to be applied)</li> </ul> </li> <li><b>Tax year 2024: Corrected profit before tax of 2022 tax year (special increasing and decreasing items have to be applied).</b> For tax year 2024 there is a possibility to decrease the payable tax up to its 50% if Hungarian Government bonds are held by the taxable person (exact rules are not specified in this newsletter).</li> </ul>



 (1) Government Decree 197/2022 (4.VI.) 1.§ (2) Act C of 1990 on Local taxes 52.§ (22) b)

Rate of special tax	<ul style="list-style-type: none"> <li>Tax year 2022: 10%</li> <li>Tax year 2023: <ul style="list-style-type: none"> <li>Between 01.01. 2023 – 30.06.2023: 8%</li> <li>Between 01.07. 2023 – 31.12.2023: up to 10bn HUF of tax base 13%, above 30%</li> </ul> </li> <li><b>Tax year 2024: up to HUF 20bn of tax base 13%, above 30%</b></li> </ul>
Obligation to declare tax	<p>The special tax shall be assessed</p> <ul style="list-style-type: none"> <li>For the tax year 2022 by 10 October 2022;</li> <li>for the 2023 tax year by 10 June 2023 and</li> <li><b>for the 2024 tax year by 10 June 2024.</b></li> </ul> <p>If during the year a credit institution or financial enterprise ceases to exist or ceases to be subject to the special tax for any other reason, it shall fulfil its obligation to submit its return and pay the special tax by the 30th day following the date of ceasing to exist or ceasing to be subject to the special tax. If the deadline for fulfilling the obligation has expired earlier, the obligation must be fulfilled by that earlier deadline..</p>

The deadlines for tax payments:

Tax year	Payment deadline		
	1st instalment	2nd instalment	3rd instalment
2022	10 Oct 2022	10 Dec 2022	
2023	10 Jun 2023	10 Oct 2023	10 Dec 2023
<b>2024</b>	<b>10 Jun 2024</b>	<b>10 Dec 2024</b>	

### b) Special tax for the energy sector <sup>(3)</sup>

 Date of entry into force: 1 July 2022

Tax year(s) it applies to	<ul style="list-style-type: none"> <li>Tax year 2022 (full tax year including 1 July 2022)</li> <li>Tax year 2023</li> <li><b>Tax year 2024</b></li> </ul>
Taxable person	Producers of oil (petroleum) products Given that the subject of the special tax is a producer of crude oil (petroleum) products, the taxpayer will essentially be only Magyar Olaj- és Gázipari Nyrt.)

 (3) Government Decree 197/2022 (4.VI.) 2.§


Basis of special tax	The price difference of crude oil between the world market price and the Russian Federation price (the method of calculation is described in detail in the Government Regulation, which is not discussed here) multiplied by the quantity of crude oil from the Russian Federation purchased in barrels during the month in question. When determining the tax liability, the official average US dollar exchange rate of the National Bank of Hungary for the month in question shall be used.
Rate of special tax	Until 31 July 2022: 25% Between 1 Aug 2022 – 7 Dec 2022: 40% Starting from 8 Dec 2022: 95%
Obligation to declare and pay tax	<ul style="list-style-type: none"> <li>For the first time, the period from 01.01.2022 to 01.07.2022 shall be declared and paid until 20.09.2022,</li> <li>and thereafter, the special tax must be declared and paid monthly by the 20th day of the month following the month to which it relates.</li> </ul> <p>A producer of crude oil (petroleum) products which ceases to exist or ceases to be subject to the special tax for any other reason during the year shall fulfil its obligation to submit its return and pay the special tax by the 30th day following the date of ceasing to exist or ceasing to be subject to the special tax, unless the time limit for fulfilment has expired earlier.</p>



## c) Special tax from renewable energy sources <sup>(4)</sup>

 Date of entry into force: 1 July 2022

Tax year(s) it applies to	<ul style="list-style-type: none"> <li>Tax year 2022 (full tax year including 1 July 2022)</li> <li>Tax year 2023</li> <li><b>Tax year 2024 (full tax year including 31 Dec 2024)</b></li> </ul>
Taxable person	<p>The producer liable to pay the special tax, except for the producer of a power plant with an installed capacity not exceeding 0.5 MW, is</p> <ul style="list-style-type: none"> <li>a producer entitled to compulsory purchase of electricity produced from renewable energy sources or from waste energy, as well as electricity produced from cogeneration, subject to Government Decree 389/2007 (XII. 23.) on the compulsory purchase and purchase price of electricity produced from cogeneration (hereinafter the KÁT / Cogeneration/ Decree);</li> <li>a producer entitled to compulsory purchase subject to Government Decree 299/2017 (X. 17.) on mandatory purchase and premium support for electricity produced from renewable energy sources (hereinafter METÁR Decree); and</li> <li>a producer eligible for green premium aid under the METÁR Regulation, ...if the contract for membership of the balance sheet circle, the premium subsidy or the contract required to claim the green premium subsidy under the KÁT Decree expires in the tax year 2022 or 2023, or if it commences its commercial operation in the tax year 2022 or 2023 but does not conclude a contract for membership of the balance sheet circle, the premium subsidy or the green premium subsidy under the KÁT Decree. Producers of electricity produced from solid biomass are exempt from paying the tax.</li> </ul>
Basis of special tax	<i>Calculation: The amount of electricity input powered during the month x (sales price - mandatory purchase price or subsidised price), if positive (For the first two taxpayers, the price applicable for the year in question, as established by the Hungarian Energy and Public Utilities Regulatory Office (MEKH) in a final decision).</i>
Special tax rate	65%
Obligation to declare and pay tax	<ul style="list-style-type: none"> <li>For the first time, the period from 01.01.2022 to 01.07.2022 shall be declared and paid until 20.09.2022,</li> <li>and thereafter, the special tax must be declared and paid monthly by the 20th day of the month following the month to which it relates.</li> </ul> <p>A producer who ceases to exist or who ceases to be subject to the special tax for any other reason during the year shall fulfil its obligation to submit its return and pay the special tax by the 30th day following the date of ceasing to exist or ceasing to be subject to the special tax., unless the time limit for fulfilment has expired earlier.</p>

 (4) Government Decree 197/2022 (4.VI.) 3.§


## d) Contribution from airlines <sup>(5)</sup>

 Date of entry into force: 1 July 2022

Tax year(s) it applies to	No time limit specified.
Taxable person	The entity liable to pay the contribution is the entity providing the ground handling services (contrary to its name, not the airlines).
Basis of contribution	The number of passengers departing from Hungary (transit passengers are not charged).
Rate of contribution	<p>The amount of the contribution depends on the destination and later also on the volume of fuel emission:</p> <p>(1) If the final destination is EU + Republic of Albania, Principality of Andorra, Bosnia and Herzegovina, Republic of Bosnia and Herzegovina, Republic of Northern Macedonia, Republic of Iceland, Republic of Kosovo, Principality of Liechtenstein, Republic of Moldova, Principality of Monaco, Montenegro, United Kingdom of Great Britain and Northern Ireland, Kingdom of Norway, Republic of San Marino, Swiss Confederation, Republic of Serbia, Ukraine</p> <ul style="list-style-type: none"> <li>• Until 28 Feb 2023: HUF 3,900</li> <li>• From 1 March 2023:             <ul style="list-style-type: none"> <li>If the emission calculated for 1 seat is                 <ul style="list-style-type: none"> <li>• below 10,50 kg: HUF 1,600</li> <li>• equal or higher than 10,5 kg, but less than 17,5 kg: HUF 3,900</li> <li>• equal or higher than 17,5 kg: HUF 6,200</li> </ul> </li> </ul> </li> </ul> <p>(2) if the final destination is a country not included in point 1) above.</p> <ul style="list-style-type: none"> <li>• Until 28 Feb 2023: HUF 9,750 Ft</li> <li>• From 1 March 2023:             <ul style="list-style-type: none"> <li>If the emission calculated for 1 seat is                 <ul style="list-style-type: none"> <li>• below 10,5 kg: HUF 3,900</li> <li>• equal or higher than 10,5 kg, but less than 17,5 kg: HUF 9,750</li> <li>• equal or higher than 17,5 kg: HUF 15,600</li> </ul> </li> </ul> </li> </ul> <p>Fuel emission calculated for 1 seat = The average amount of fuel burned during the take-off and landing cycle as defined in the International Civil Aviation Organization's engine emissions database x the number of engines x the emissions value (3.16) divided by the number of seat.</p>
Obligation to declare and pay contribution	The contribution is self-declared and paid monthly, by the 20th of the month following the month to which it relates, by the operator of the ground handling service.

 (5) Government Decree 197/2022 (4.VI.) 5.S

## e) Special tax on distributors of medicinal products <sup>(6)</sup>

 Date of entry into force: 1 July 2022

Year(s) it applies to	<ul style="list-style-type: none"> <li>• Calendar year 2022</li> <li>• Calendar year 2023</li> <li>• <b>Calendar year 2024</b></li> </ul>
Taxable person	<ul style="list-style-type: none"> <li>• The holder of the marketing authorisation for a medicinal product or, if it does not carry out distribution activities in Hungary, the distributor;</li> <li>• the person submitting a request for subsidies in connection with a dietary supplement if other than the distributor of the dietary supplement in question..</li> </ul>
Basis of special tax	The amount of social security subsidies on medicinal products and dietary supplements sold in pharmacies with public financing based on monthly prescription data.
Rate of special tax	<p>In the ratio of producer price to consumer price</p> <ul style="list-style-type: none"> <li>• 20% for medicines with a producer price of less than HUF 10 000 and</li> <li>• for medicines with a producer price above HUF 10 000             <ul style="list-style-type: none"> <li>• <b>until the tax return to be filed as of 20 June 2023: 28%</b></li> <li>• <b>starting from the tax return to be filed as of 20 July 2023: 40%</b></li> </ul> </li> </ul> <p>will be payable from the social security subsidies. This means that for medicines with a producer price of less than HUF 10,000, the tax rate will remain unchanged, while for medicines with a higher producer price, the tax rate will increase by 8% and <b>later by 20%</b> compared to the rules were valid before the implementation of the extra profit taxes.</p>
Obligation to declare and pay tax	<ul style="list-style-type: none"> <li>• Must be completed for the first time by 20.07.2022,</li> <li>• thereafter, it must be declared and paid monthly by the 20th day of the month following the month to which it relates.</li> </ul>



 (6) Government Decree 197/2022 (4.VI.) 7.S

## f) Special tax on producers of medicinal products <sup>(7)</sup>

 Date of entry into force: 24 December 2022

Year(s) it applies to	<ul style="list-style-type: none"> <li>• Calendar year 2022</li> <li>• Calendar year 2023</li> <li>• <b>Calendar year 2024</b></li> </ul>
Taxable person	<p>Companies with businesses as</p> <ul style="list-style-type: none"> <li>• TEÁOR 2110 (Manufacture of basic pharmaceutical products) and</li> <li>• TEÁOR 2120 (Manufacture of pharmaceutical preparations)</li> </ul> <p>if their net sales from these activities based on the annual report latest available at the first day of the tax year is higher than 33,33% of their total net sales.</p>
Basis of special tax	Net sales of the annual report as defined in the Local Industrial Tax rules.
Rate of special tax	<p>Until 31 Dec 2023:</p> <ul style="list-style-type: none"> <li>• 1% on the part of the tax base not exceeding HUF 50 billion,</li> <li>• 3% on the part of the tax base exceeding HUF 50 billion but not exceeding HUF 150 billion,</li> <li>• 8% on the part of the tax base exceeding HUF 150 billion.</li> </ul> <p><b>From 1 Jan 2024:</b></p> <ul style="list-style-type: none"> <li>• <b>0.5% on the part of the tax base not exceeding HUF 50 billion,</b></li> <li>• <b>1.5% on the part of the tax base exceeding HUF 50 billion but not exceeding HUF 150 billion,</b></li> <li>• <b>4% on the part of the tax base exceeding HUF 150 billion.</b></li> </ul>
Obligation to declare and pay tax	<ul style="list-style-type: none"> <li>• Tax year 2022: tax shall be declared and paid until 20 May 2023.</li> <li>• Tax year 2023: Tax advance shall be declared and paid until 20 Nov 2023 based on the annual estimated tax liability; final tax shall be declared and paid until 20 May 2024.</li> <li>• <b>Tax year 2024: Tax advance shall be declared and paid until 20 Dec 2024 based on the annual estimated tax liability; final tax shall be declared and paid until 20 May 2025.</b></li> </ul>

 (7) Government Decree 197/2022 (4.VI.) 4/A.5

## g) Deviation from the rules of Act LXVII of 2008 on making district-heating more competitive <sup>(8)</sup>

 Date of entry into force: 1 July 2022

Tax year(s) it applies to	<ul style="list-style-type: none"> <li>• Tax year 2022 (full tax year including 1 July 2022)</li> <li>• Tax year 2023</li> <li>• <b>Tax year 2024</b></li> </ul>
Taxable person	The processing industry producer (bioethanol producer, starch and starch product producer, sunflower oil producer – classified according to KN and TEÁOR codes) is added to the scope of the law, but only for the above <b>three</b> tax years.
Rate of special tax	<ul style="list-style-type: none"> <li>• Until 31 Dec 2022: 31% of the positive tax base</li> <li>• Tax year 2023: 41% of the positive tax base</li> <li>• <b>Tax year 2024: 41% of the positive tax base</b></li> </ul>
Obligation to declare and pay tax	<ul style="list-style-type: none"> <li>• The processing industrial producer that has become temporary taxpayer:</li> <li>• must declare the tax advance for the tax year 2022 by 20.09.2022 on the basis of the tax expected to be due for the tax year 2022, and then pay it in equal monthly instalments by the 20th day of each month, starting from 09.20.2022.</li> <li>• Tax advance for 2023 must be declared by 20 January 2023 on the basis of the tax expected to be due for the tax year 2023 and paid in equal monthly instalments by the 20th of each month.</li> <li>• <b>Tax advance for 2024 must be declared by 20 June 2024 on the basis of the tax paid for tax year 2023 and paid in six equal monthly instalments by the 20th of each month.</b></li> </ul>

## h) Deviation from the rules of Act LVI of 2012 on Telecommunications Tax <sup>(9)</sup>

 Date of entry into force: 1 July 2022

Tax year(s) it applies to	<ul style="list-style-type: none"> <li>• The tax year beginning on 1 July 2022 or the tax year starting after that date if the company becomes taxable person after that date</li> <li>• Tax year starting in 2023</li> <li>• <b>Tax year starting in 2024</b></li> </ul>
Taxable person	Provider of electronic communications services
Basis of additional tax	Calculated net turnover for the tax year in question in accordance with <i>Act C of 1990 on Local Taxes</i> .

 (8) 1Government Decree 197/2022 (4.VI.) 8.5  (9) Government Decree 197/2022 (4.VI.) 14.5

Rate of additional tax	<ul style="list-style-type: none"> <li>• 0% on the part of the tax base not exceeding HUF 1 billion,</li> <li>• 1% on the part of the tax base exceeding HUF 1 billion but not exceeding HUF 50 billion,</li> <li>• 3% on the part of the tax base exceeding HUF 50 billion but not exceeding HUF 100 billion,</li> <li>• 7% on the part of the tax base exceeding HUF 100 billion</li> </ul>
Obligation to declare and pay tax	<p>The additional tax must be assessed, paid and declared by the last day of the fifth month following the tax year. The taxable persons shall also pay a tax advance for the additional tax as follows:</p> <ul style="list-style-type: none"> <li>• For the tax year beginning on 1 July 2022, a tax advance at the described rate must be declared and paid by 30 November 2022 on the basis of the net sales revenue for the tax year beginning in 2021;</li> <li>• the tax year beginning in 2023, a tax advance equal to the amount of the tax for 2022 must be declared and paid by the last day of the fifth month of the tax year beginning in 2023;</li> <li>• <b>the tax year beginning in 2024, a tax advance equal to the amount of the tax for 2023 must be declared and paid by the last day of the fifth month of the tax year beginning in 2024.</b></li> </ul>
Special provisions for related companies	<p>The additional tax also applies to affiliated enterprises if the affiliation was created by some type of de-merge after 1 June 2022, or if the assets enabling the activity were transferred or made available for use by the entity subject to the additional tax to another entity in an affiliated relationship with it after 1 June 2022.</p> <p>In the case of affiliated enterprises, the additional tax is determined by adding together the net sales revenues of the taxpayers in an associated enterprise relationship and apportioning the amount of tax so calculated among the taxpayers in proportion to the share of their net sales revenue in the total net sales revenues of the taxpayers in an affiliated enterprise relationship.</p> <p>The consolidation may be waived if the taxpayer proves that the above-mentioned de-merge, transfer of assets, etc., was not carried out for the purpose of tax avoidance but solely for economic reasons.</p>

## i) Additional insurance tax <sup>(10)</sup>

 Date of entry into force: 1 July 2022

Year(s) it applies to	1 July 2022 – 31 December 2023 <b>Extended until 31 December 2024</b>
Taxable person	Insurance company under <i>Act CII of 2012 on Insurance Tax</i>

 (10) Government Decree 197/2022 (4.VI.) 16.§

Basis of additional tax	<ul style="list-style-type: none"> <li>• On the one hand, the previous tax base remains, that is the amount of the insurance fee from the provision of non-life insurance services related to casco insurance, property and casualty insurance, compulsory motor liability insurance; and</li> <li>• as a new tax base, the insurance fee from life insurance services</li> <li>• (life insurance, marriage insurance, birth insurance, insurance savings, management of group pension funds) will be added to the scope of the law. <sup>(11)</sup></li> </ul>
Rate of additional tax	<p>(1) In case of “the old tax base” i.e. insurance fee derives from the supply of non-life insurance services (casco insurance, property and casualty insurance, compulsory motor liability insurance)</p> <ul style="list-style-type: none"> <li>• Tax base generated between 01.07.2022 and 31.12.2022: <ul style="list-style-type: none"> <li>• 4% of the part of tax base not exceeding HUF 1 billion</li> <li>• 8% of the part of tax base exceeding HUF 1 billion but not exceeding HUF 18 billion;</li> <li>• 14% of the part of tax base exceeding HUF 18 billion.</li> </ul> </li> <li>• Tax base generated between 01.01.2023 and 31.12.2023: <ul style="list-style-type: none"> <li>• 2% of the part of tax base not exceeding HUF 2 billion;</li> <li>• 4% of the part tax base exceeding HUF 2 billion but not exceeding HUF 36 billion;</li> <li>• 7% of the part tax base exceeding HUF 36 billion.</li> </ul> </li> <li>• <b>Tax base generated between 01.01.2024 and 31.12.2024: No change, the same as in 2023.</b></li> </ul> <p>(2) In case of the “new tax base” i.e. insurance fee from the provision of life insurance services:</p> <ul style="list-style-type: none"> <li>• Tax base generated between 01.07.2022 and 31.12.2022: <ul style="list-style-type: none"> <li>• 2% of the part of tax base not exceeding HUF 1 billion;</li> <li>• 3% of the part of tax base exceeding HUF 1 billion but not exceeding HUF 18 billion;</li> <li>• 6% of the part of tax base exceeding HUF 18 billion.</li> </ul> </li> <li>• Tax base generated between 01.01.2023 and 31.12.2023: <ul style="list-style-type: none"> <li>• 1% of the part of tax base exceeding HUF 2 billion;</li> <li>• 1,5% of the part of tax base exceeding HUF 2 billion but not exceeding HUF 36 billion;</li> <li>• 3% of the part of tax base exceeding HUF 36 billion.</li> </ul> </li> <li>• <b>Tax base generated between 01.01.2024 and 31.12.2024: No change, the same as in 2023.</b></li> </ul>

 (11) Act LXXXVIII of 2014 on the Business of Insurance Appendix 2

Obligation to pay an advance	<ul style="list-style-type: none"> <li>The insurance company shall assess, declare and pay an additional tax advance.</li> <li>Until 30 November 2022, based on the insurance fee from insurance services realised during the period from 1 July 2021 to 30 June 2022 and</li> <li>until 31 May 2023, where the advance tax amount equal to the amount of the additional tax to be declared by 31 January 2023.</li> <li>Until 31 May 2024, where the advance tax amount equal to the amount of the additional tax to be declared by 31 January 2024.</li> </ul>
Obligation to declare and pay tax	<ul style="list-style-type: none"> <li>In case of taxable amounts generated between 01.07.2022 and 31.12.2022, the additional tax must be assessed, paid and declared by 31 January 2023.</li> <li>In the case of taxable amounts generated between 01.01.2023 and 31.12.2023, the additional tax must be assessed, paid and declared by 31 January 2024.</li> <li>In the case of taxable amounts generated between 01.01.2024 and 31.12.2024, the additional tax must be assessed, paid and declared by 31 January 2025.</li> </ul> <p>If the amount of the additional tax advance paid is more than the amount of the additional tax declared, the taxpayer can claim the difference back from the date of submission of the additional tax return.</p>
Special provisions for related companies	See in the relevant section in Chapter I. g) about additional telecommunication tax.

## j) Retail sales tax <sup>(12)</sup>

Companies subject to the retail sales tax (*Act XLV of 2020 on Retail Sales Tax* (herein after referred to as the *Retail Sales Tax Act*) will face two types of changes:

- firstly, they will have to pay a one-off so-called *additional tax*, and
- secondly, *the retail sales tax rate will increase*. This higher tax rate will apply only for the tax year starting in 2023, according to the Government Decree.

### (1) One-off additional tax of 80%

Year(s) it applies to	The tax year beginning on 1 July 2022 or the tax year starting after that date if the company becomes subject to retail sales tax after that date..
Basis and rate of additional tax	<ul style="list-style-type: none"> <li>80% of the annualised retail sales tax for the tax year starting in 2021</li> <li>If the company did not carry out any activity subject to the Retail Sales Tax Act in 2021, 80% of the annualised retail sales tax for the tax year starting in 2022.</li> </ul>

§ (12) Government Decree 197/2022 (4.VI.) 20-21.§

Obligation to declare and pay tax	<ul style="list-style-type: none"> <li>Until 30 November 2022</li> <li>If the company did not carry out any activities subject to the <i>Retail Sales Tax Act</i> in 2021, it must do so at the same time as filing the tax return for the tax year starting in 2022.</li> </ul>
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### (2) Increased retail tax

Year(s) it applies to	<ul style="list-style-type: none"> <li>Tax year starting in 2023</li> <li>Tax year starting in 2024</li> </ul>
Rate of tax (including actual rate value)	<p>Tax year 2023:</p> <ul style="list-style-type: none"> <li>0% of the part of tax base not exceeding HUF 500 million (from 0%)</li> <li>0,15% of the part of tax base exceeding HUF 500 million but not exceeding HUF 30 billion (from 0,1%)</li> <li>1% of the part of tax base exceeding HUF 30 billion but not exceeding HUF 100 billion (from 0,4%)</li> <li>4,1% of the part of tax base exceeding HUF 100 billion (from 2,7%)</li> </ul> <p>Tax year 2024:</p> <ul style="list-style-type: none"> <li>0% of the part of tax base not exceeding HUF 500 million</li> <li>0,15% of the part of tax base exceeding HUF 500 million but not exceeding HUF 30 billion</li> <li>1% of the part of tax base exceeding HUF 30 billion but not exceeding HUF 100 billion</li> <li>4,5% of the part of tax base exceeding HUF 100 billion.</li> </ul> <p>If the tax year of the company starts after 1 July 2022 and is shorter than 12 months, the current tax rates will still apply, while higher rates will apply for the tax year starting in 2023 and in 2024. For the calculation, the tax is applied to the annualised tax base and the tax is pro-rated.</p>
Obligation to declare and pay tax	For the tax year starting in 2023 and in 2024, advance tax payments will already be calculated at the new rates.



k) Deviation from the rules of Act XLVIII of 1993 on mining<sup>(13)</sup>, and the specific value of mineral raw materials and geothermal energy and the calculation of the value of different application of Government Decree 54/20080. III.) on the determination of the method of value calculation<sup>(14)</sup>

Tax year(s) it applies to	<ul style="list-style-type: none"> <li>• Calendar year 2022</li> <li>• Calendar year 2023</li> <li>• <b>Calendar year 2024</b></li> </ul>
Scope	The amendments to these two laws will enter into force on 1 August 2022 and will not apply to crude oil and gas extracted from concession contracts concluded or from established mining fields after the entry into force of the Regulation. The amendments are not specified here.

l) Balancing control capacity<sup>(15)</sup>

 Date of entry into force: 15 Nov 2022

Year(s) it applies to	<ul style="list-style-type: none"> <li>• Year 2022</li> <li>• Year 2023</li> <li>• <b>Year 2024</b></li> </ul>
Taxable person	The domestic or foreign entity (including also the Hungarian branch of the foreign entity) providing so called balancing control capacity according to point 12 Articles 2 of <i>2019/943 EU declaration</i> . The foreign entities have to register: <ul style="list-style-type: none"> <li>• until 15 Dec 2022;</li> <li>• or if it becomes subject to this tax after 1 Dec 2022, then until the 1st day of the following month after it becomes subject to this tax.</li> </ul>
Basis of additional tax	Revenue received (financially realised) in exchange for the balancing control capacity service.
Rate of tax	<ul style="list-style-type: none"> <li>• 2022: 13%</li> <li>• 2023: 10%</li> <li>• <b>2024: 10%</b></li> </ul>
Obligation to declare and pay tax	First time it has to be applied for the tax year begins after 31 Dec 2021. For the period 1 Jan 2022 – 30 Nov 2022: the tax is payable in 2 equal installments, it must be declared and paid until 20 Dec 2022 and 20 Feb 2023. The service provider ceases to exist or ceases to be subject to this tax during 2022 has to fulfil its tax obligations until 31 Dec 2022..

 (13) Government Decree 197/2022 (4.VI.) 22-25.§

 (14) Government Decree 197/2022 (4.VI.) 26.§

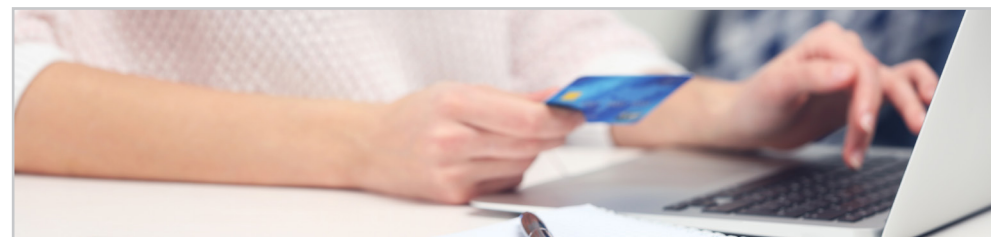
 (15) Government Decree 197/2022 (4.VI.) 3/A.§

## II. TRANSACTION DUTIES

a) Obligation of investment firms and credit institutions to pay transaction duties<sup>(16)</sup>

 Date of entry into force: 1 July 2022

Tax year(s) it applies to	No time limit specified.
Taxable person	<ul style="list-style-type: none"> <li>• Investment firms under <i>Act CXXXVIII of 2007</i></li> <li>• Credit institutions under <i>Act CCXXXVII of 2013</i></li> <li>• A person providing investment services as a cross-border service under <i>Act CXXXVIII of 2007</i></li> </ul>
Basis of duty	<ul style="list-style-type: none"> <li>• The purchase – by an investment firm and a credit institution – of transferable securities, money market instruments and securities issued by a collective investment enterprise into a client account or own account. The Government Decree therefore extends the obligation to pay the duty to security purchase transactions.</li> <li>• The transaction duty is based on the value (purchase price) of the financial instrument credited to the customer's account (securities account). If this value is denominated in a foreign currency, it must be converted into HUF at the official exchange rate published by the Hungarian National Bank valid on the transaction date.</li> </ul>
Rate of duty	0.3% of the transaction duty base, but maximum of HUF 10,000 per purchase transaction.
Obligation to declare and pay duty	The taxpayer determines, declares and pays the duty monthly, by the 20th day of the month following the transaction date. The payment obligation arises on the day of the purchase of the financial asset. For the first time, the transaction duty due by 20 September 2022 must be declared and paid.
Exemption from duty	The purchase of a financial instrument is exempt from the payment of duty if the investment service is provided by the Hungarian State Treasury (MÁK) or by an institution operating the Postal Settlement Centre (PEK).



 (16) Government Decree 197/2022 (4.VI.) 4.§



## b) Financial transaction duty <sup>(17)</sup>

 Date of entry into force: 1 July 2022

The change consists of two parts:

- it extends the scope of taxable persons and,
- it increases the maximum amount of the duty.

Tax year(s) it applies to	No time limit specified
Taxable person	<p><b>Tax liability is extended by the Government Decree to</b></p> <ul style="list-style-type: none"> <li>• Entities providing payment services, credit and money lending, currency exchange and currency exchange intermediation services in Hungary as cross-border services.</li> <li>• Cross-border service: the provision of a financial or ancillary financial service where the service is provided in a country other than the country where the service provider has its registered office, place of business, head office or branch, and the customer using the service is not established or resident in the country where the service provider has its registered office, place of business, head office or branch. <sup>(18)</sup></li> </ul> <p><b>Obligation to register</b></p> <ul style="list-style-type: none"> <li>• Newly taxable entities – that is entities providing cross-border services in Hungary – must register with the state tax authority by 1 September 2022 if they become subject to the transaction duty from 1 July 2022. If an entity providing cross-border services in Hungary becomes subject to the transaction duty liability after 1 July 2022, it must register with the state tax authority by the 1st day of the month following the month in which it becomes subject to the liability.</li> </ul>
Basis of special duty	Unchanged <sup>(19)</sup>
Rate of duty	<ul style="list-style-type: none"> <li>• In general, 0.3%, but maximum of HUF 10,000 per payment transaction instead of HUF 6,000 previously levied.</li> <li>• The preferential rates (HUF 800 and HUF 500) will continue to apply for certain transactions. <sup>(20)</sup></li> </ul>

 (17) Government Decree 197/2022 (4.VI.) 15.§

(18) Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.) 6. § (1) 38

(19) Act CXVI of 2012 on Financial Transaction Duty, 6.§ (1)

(20) Act CXVI of 2012 on the Financial Transaction Tax 7.§ (1) e) and f)

