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Nr.2025-2

1 July 2025

SME INFO HU

TAX LAW CHANGES – 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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The spring tax package brought significant changes primarily in the area of family allowances. In addition, the government decree governing extra profit taxes has been abolished and the remaining extra profit taxes have been raised to the level of the law. Modifications affecting other types of taxes are

generally minor, mostly in the form of clarifications and additions. Please note that we present changes to the family allowance system in a separate payroll newsletter.

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1 PERSONAL INCOME TAX (PIT)

1.1 Clarification of the concept of tax-free workers' accommodation ⁽¹⁾

The definition of tax-free workers' accommodation is slightly expanded. Previously, only accommodation provided by the payer qualified as tax-free. The amendment now includes foreign company branches as eligible providers. Furthermore, the employment relationship may also exist with the foreign company itself if the payer/provider is a branch.

Effective from: 20 June 2025

1.2 Higher performance E-bikes will also be tax-free ⁽²⁾

The amendment increases the maximum power of bicycles that employers or payers can provide tax-free under point 8.44 of Annex 1 of the PIT Act since 2021. The previous maximum power of 300W will be increased to 750W by the legislative amendment. Until now, the law considered only e-bikes with a motor of up to 300 watts to be tax-free for private use. However, due to technological advancements, most electric bikes now run on a 500-750 watt motor, making the previous limit outdated.

Effective from: 1 January 2026

1.3 Tax equivalence of long-term asset management and fiduciary asset management in case of private foundations ⁽³⁾

If an asset is placed in long-term asset management to a private foundation, this legal relationship must be treated in the same way as a fiduciary asset management. When the assets are returned to the private foundation (as the beneficiary), the related tax obligations are already fulfilled by the private foundation. Deadlines must be calculated from the date when the assets were originally placed in long-term asset management.

Effective from: 1 September 2025

1.4 Dividend rules in the case of private foundations – new provision in the PIT Act ⁽⁴⁾

The amendment states that if a private foundation provides an asset (such as money or other assets) to the founder, joiner or beneficiary, this benefit qualifies as dividend and is therefore taxable.

Exception: if the asset originates from long-term asset management only the portion derived from separately recorded asset value growth (i.e., appreciation of managed assets) is considered a dividend. This tax liability only exists if the asset is not received by the founder or joiner, but by another private individual beneficiary.

Effective from: 1 September 2025

2 CORPORATE INCOME TAX (TAO)

2.1 Partial non-compliance in the case of preferential asset transfers ⁽⁵⁾

In the case of preferential asset transfers, the law imposes a holding obligation on the shares acquired by the transferring company. The amendment adds a new scenario where this holding obligation is only partially fulfilled. The new rules must be applied for the first time to non-compliance occurring after the amendment enters into force.

Effective from: 20 June 2025

2.2 Cross-border transformation in the concept of notified shares ⁽⁶⁾

The legislative amendment clarifies the concept of notified shares in order to make it clearly applicable in the case of cross-border transformation. A transitional rule allows taxpayers who became resident taxpayers in Hungary due to a cross-border transformation in 2024 to apply the reported participation rules, provided they report the relevant participations within 75 days of the amendment's entry into force (if not previously reported). No justification request is allowed if the deadline is missed.

Effective from: 20 June 2025

2.3 Increased tax base allowance for direct R&D costs ⁽⁷⁾

The tax base allowance for the direct costs of research and development activities carried out jointly with higher education institutions, the Hungarian Academy of Sciences, central budgetary research institutes and certain other research institutions increases from HUF 50 million to HUF 150 million. Taxpayers may apply this change from the 2025 tax year at their discretion.

Effective from: 20 June 2025

2.4 Changes to demergers (separations) ⁽⁸⁾

The amendment introduces the concept of separation into the definition of preferential asset transfer. It clarifies that if a separation occurs within the framework of a preferential asset transfer, the rules on adjusting prices between related parties (e.g., arm's length pricing, transfer pricing documentation) do not apply.

Effective from: 20 June 2025

2.5 Increase in the power limit for company E-Bikes recognized as business expenses ⁽⁹⁾

In line with changes to the personal income tax rules, this amendment also appears in corporate tax regulations. The power limit for electric bicycles that can be recognized as eligible business expenses increases from 300 W to 750 W.

Effective from: 20 June 2025

2.6 Change in the special rules for modifications of corporate tax base ⁽¹⁰⁾

Certain special rules for modifying the corporate tax base are changing. During transformations, mergers, and demergers, tax base adjustment items related to the calculated book value and revaluation differences must be applied even if no final balance sheet is prepared.

Effective from: 20 July 2025

2.7 Change in relation to the reporting of taxpayers preparing their financial statements in accordance with IFRS ⁽¹¹⁾

The provision according to which taxpayers preparing their annual financial statements in accordance with IFRS shall provide data on their corporate tax liabilities (pre-tax profit, adjusted pre-tax profit, tax base adjustment items) based on IFRS numbers for the tax year preceding the transition in their corporate tax return for the tax year preceding the transition will be abolished.

Effective from: 1 January 2026

3 VALUE ADDED TAX (VAT)

3.1 Taxable dealers' declaration obligation in reverse charge transactions in Hungary ⁽¹²⁾

Starting from January 1, 2025, the sale of goods via the EU gas transmission system (or related networks) by a taxable dealer is subject to reverse charge if the place of supply is in Hungary. The current amendment introduces a declaration obligation for the purchaser. The purchaser must declare whether they qualify as a taxable dealer.

Effective from: 20 July 2025

3.2 Online invoice data reporting – Annex 10 expanded ⁽¹³⁾

According to the amendment, two additional sub-clauses will be added to Annex 10 of the VAT Act requiring online invoice data reporting. These two new points: (i) if the taxpayer issues an invoice for a transaction performed by its legal predecessor, it must also provide data on the tax number of the legal predecessor; and (ii) in the case of VAT group payers, in addition to the group identification number, data must also be provided on the tax number of the group member participating in the transaction. With the two new changes, the procedural rules will also be expanded.

Effective from: 1 January 2026

3.3 Postponement and refinement of the e-receipt system ⁽¹⁴⁾

The legislative amendment postpones the mandatory data reporting related to e-receipts to September 2026. In addition, it introduces minor changes to Annex 11 concerning the data reporting obligations for e-cash registers, which will take effect from 1 July 2025. The current changes mainly involve clarifications in wording and terminology in two key areas: Firstly, the amendment now explicitly lists e-receipts separately, alongside receipts issued by e-cash registers. Secondly the exemption rules have also been updated to consistently distinguish between e-receipts and receipts issued by e-cash registers.

Effective from: 1 September 2026

3.4 Clarifications in the assignment of VAT and the reverse charge of energy dealers ⁽¹⁵⁾

The amendment introduces minor clarifications regarding VAT assignment to indirect customs representatives, effective from March 1, 2025. Specifically, declarations must state the VAT base and amount in HUF.

In the reporting due to the reverse charge mechanism of taxable dealers, data must be reported in MWh (megawatt hours) instead of the previous cubic metre.

Effective from: 1 October 2025

4 SMALL BUSINESS TAX (KIVA)

4.1 Exemption rule in special termination cases ⁽¹⁶⁾

Due to the regulatory logic of the KIVA Act, it has a special relationship with corporate tax, which rules are set out in Chapter IV of the KIVA Act. Section 28(4a) has, since 2021, required the determination of profits (or losses) related to the period of KIVA status upon its termination.

The current amendment introduces an exception: these profits and losses do not need to be determined if the taxpayer re-elects KIVA status following a special form of termination. This may occur, for example, if a KIVA-eligible entity splits into two new entities and the new entity(es) declare their KIVA election within 15 days (provided they meet the other eligibility criteria). This treatment only applies if the transformation (e.g., split or merger) is carried out at book value.

Effective from: 20 July 2025

5 EXTRA PROFIT TAXES

The extra profit taxes, affecting banks, insurance companies, the energy sector and retail chains, will remain in force but incorporated into the corresponding law, and at the same time, Government Decree 197/2022 (VI.4.) on extra profit taxes will be repealed.

5.1 Special tax on credit institutions and financial enterprises ⁽¹⁷⁾

The amendment confirms that the special tax will remain in effect for the tax year starting in 2026, with increased rates compared to 2025:

- 8% for the part of the tax base not exceeding HUF 20 billion (the rate for 2025 is 7%);
- 20% for the part of the tax base exceeding HUF 20 billion (the rate for 2025 is 18%).

Taxpayers must declare the 2026 special tax by June 10, 2026, and pay it in two equal instalments by June 10 and December 10, 2026.

There remains an option to reduce the special tax liability through government bond purchases. Taxpayers wishing to use this option must indicate it in their tax return submitted by December 10, 2026.

Effective from: 20 July 2025

5.2 Supplementary insurance tax ⁽¹⁸⁾

In addition to elevating the tax to statutory level, the amendment also imposes a supplementary tax obligation for the 2026 tax year. The rates are as follows: ⁽¹⁹⁾

- Non-life insurance services: 3% for the part of the tax base not exceeding HUF 48 billion, and 14% for the part exceeding HUF 48 billion.
- Life insurance services: 2% for the taxable part not exceeding HUF 48 billion, and 6% for the part exceeding HUF 48 billion.

The threshold for applying the more favourable rates increases from HUF 8 billion to HUF 20 billion. According to the rule for taxpayers who do not reach the aggregate tax base of HUF 20 billion for taxable insurance services, the tax rate is based on the tax base of the month of tax settlement:

- 25% of the tax rate applicable to taxable insurance services for the part not exceeding HUF 250 million,
- 50% of the tax rate applicable to taxable insurance services for the part exceeding HUF 250 million but not exceeding HUF 1 billion 750 million,
- The tax rate applicable to taxable insurance services for the part exceeding HUF 1 billion 750 million.



There is also the possibility of reducing the tax liability in the case of the purchase of government securities for the 2026 tax year. If the taxpayer wishes to make use of this option, it must indicate this in the tax return submitted by 10 December 2026.

Effective from: 20 July 2025

5.3 Income tax on energy suppliers („Robin Hood” tax)

5.3.1 The tax rate specified in a government decree will be incorporated into the law ⁽²⁰⁾

The amendment incorporates the tax rate previously set by Government Decree 197/2022 into the law itself, confirming that the income tax rate for energy suppliers in 2025 will be 41% of the positive tax base.

Effective from: 20 July 2025

5.3.2 Reduction of the Robin Hood tax rate from 2026 ⁽²¹⁾

The income tax rate for energy suppliers will be 31% from 31 January 2026

Effective from: 1 January 2026

5.4 Retail Tax ⁽²²⁾

The tax rates specified in the decree will be elevated to the level of law and will remain in effect in 2026 as outlined in the table below.

Tax base (HUF)	Tax rate 2025-2026	Tax rate 2024
Part of the tax base not exceeding HUF 500 million	0%	0%
Tax base part between 500 million and 30 billion	0.15%	0.1%
Tax base part between 30 billion and 100 billion	1.0%	0.4%
Tax base part over HUF 100 billion	4.5%	2.7%

In addition to the above, the special rules for motor vehicle fuel retailing, as defined in the decree, will also be elevated to the level of statutory law, but only for the tax year starting in 2025.

Effective from: 20 July 2025

6 RULES OF TAXATION (ART)

6.1 Amendment to facilitate simplified voluntary liquidation ⁽²³⁾

The purpose of the amendment is to clarify the responsibilities existing in the simplified voluntary liquidation. Accordingly, the executive officer performing the duties of the liquidator is obliged to fulfil the taxpayer's tax-related obligations and is entitled to exercise the rights of the taxpayer during the entire period of the voluntary liquidation.

Effective from: 20 July 2025

6.2 New data in O8 return ⁽²⁴⁾

From 1 July 2025, a new tax base reduction allowance will be introduced in the PIT Act. With the help of this allowance, infant (CSED) and child (GYED) care allowances will become tax-free. The amendment not only affects tax liability, but also supplements the data content of the monthly tax and contribution return. This means that from now on, the tax return must also include the data related to the new allowances.

Effective from: 1 July 2025

6.3 Shorter reporting deadline for payment service providers ⁽²⁵⁾

Currently, payment service providers have 15 days to notify the Tax Authority of the opening or termination of a bank account. The amendment of the law reduces this deadline to 7 days. This change will help the tax authority to be informed more quickly about bank account movements, so it can conduct enforcement procedures more efficiently.

Effective from: 20 June 2025

6.4 Extended audit period for reliable taxpayers in complex cases ⁽²⁶⁾

For reliable taxpayers involved in chain transactions, the audit period is extended from 180 days to 365 days, reflecting the complexity of such audits.

Effective from: 20 June 2025

6.5 Changes in tax rulings ⁽²⁷⁾

The amendment allows taxpayers to initiate a preliminary consultation electronically before submitting an application for a tax ruling. This new option helps taxpayers to clarify their questions before initiating the formal procedure. The preliminary consultation itself is subject to a fee, and the amount of this is one million forints per consultation.

In addition, the fees for the application for a tax ruling will also increase, and the law also makes it clear that if the taxpayer requests the assessment of the request in an emergency procedure, it will have to pay an increased fee.

Effective from: 20 July 2025 and 1 August 2025

6.6 Unified penalty rules for employment and simplified employment ⁽²⁸⁾

Under the current 2025 rules, no default penalty is imposed for unreported employment if the taxpayer has already fulfilled the tax return submission obligation for the same legal relationship before the audit. The amendment extends this possibility to simplified employment, aligning the penalty rules for both types of employment.

Effective from: 20 June 2025

6.7 Temporary exemption from penalties under the Global Minimum Tax Act ⁽²⁹⁾

Under the Global Minimum Tax Act, a default penalty may also be imposed for violating the reporting obligation, but for tax years starting on 31 December 2026, a temporary exemption will also apply to this sanction.

Effective from: 20 July 2025

6.8 Mandatory reporting obligation for Hungarian branches ⁽³⁰⁾

The amendment adds a requirement (Section 1.22, Annex 1) to report the name and tax number of the taxpayer's Hungarian branch office. This aims to improve the tax authority's ability to identify and link foreign companies with their Hungarian branches

Effective from: 20 June 2025

7 TAX ADMINISTRATION REGULATIONS (AIR)

7.1 Electronic minutes allowed during on-site inspections ⁽³¹⁾

The amendment allows the tax authority to conduct all key steps of on-site inspections digitally. This means that minutes can be recorded electronically, participants can sign them digitally, and documents can be delivered electronically.

Effective from: 1 July 2025

7.2 Extended deadlines for complex VAT audits involving chain transactions ⁽³²⁾

In the course of VAT audits, it often happens that a transaction involves several companies that carry out interrelated transactions. In such cases, the tax authority has to investigate not only one company, but the entire transaction chain, which requires extremely time-consuming and complex audit work. In order for the tax authority to be able to make well-founded decisions in these complex cases, the law allows the audit deadline to be extended under special rules.

Effective from: 20 June 2025

Closing date of newsletter edition: 30 June 2025



Citations:

- 1 Act CXVII of 1995 on Personal Income Tax (Section 7 (1) a) and Annex 1 (8.6 f)
- 2 Act CXVII of 1995 - on Personal Income Tax, Annex 1, Section 8.44.
- 3 Act CXVII of 1995 - on Personal Income Tax Section 65/C (11)
- 4 Act CXVII of 1995 - on Personal Income Tax Section 66 (1) a) ag)
- 5 Act LXXXI of 1996 - on Corporate Income Tax and Dividend Tax, Section 16 (12a)
- 6 Act LXXXI of 1996 - on Corporate Income Tax and Dividend Tax, Sections 4, 5 and 29/A (126)-(127)
- 7 Act LXXXI of 1996 - on Corporate Income Tax and Dividend Tax, Section 7 (17). and Section 29/A (129)
- 8 Act LXXXI of 1996 on Corporate Income Tax and Dividend Tax, Section 18 (6). and Section 29/A (131)
- 9 Act LXXXI of 1996 - on Corporate Income Tax and Dividend Tax Annex 3, Part B, Sections 9 and 29/A (133)
- 10 Act LXXXI of 1996 - on Corporate Income Tax and Dividend Tax, Section 16 (2) a) and (d)
- 11 Act LXXXI of 1996 - on Corporate Income Tax and Dividend Tax Section 18/D (4)
- 12 Act CXXVII of 2007 - Section 142 (1) k) on Value Added Tax)
- 13 Act CXXVII of 2007 - Points 5/B and 5/C of Annex 10 on Value Added Tax
- 14 Act CXXVII of 2007 - Annex 11 on Value Added Tax
- 15 Act CXXVII of 2007 - on value added tax, Section 129 (5) c) and (d) and Annex 6/C, 1a and 2 a
- 16 Act CXLVII of 2012. - Section 28 (4a) on the itemised tax of small taxpayer enterprises and the small business tax
- 17 Act CCXXXVII of 2013 - on Credit Institutions and Financial Enterprises
- 18 Act CII of 2012 - on Insurance Tax
- 19 Act CII of 2012 - on Insurance Tax Section 5 (3)
- 20 Act LXVII of 2008 - Section 7 (1) of the Act on Making District Heating More Competitive
- 21 Act LXVII of 2008 - Section 7 (1) of the Act on Making District Heating More Competitive (from 2026)
- 22 Section 6 (1) and 6 (1a) of Act XLV of 2020 on Retail Tax
- 23 Act CL of 2017 - Section 12 (1) b) and (12) on the Rules of Taxation
- 24 Act CL of 2017 - Section 50 (2) 5, 12 and 13
- 25 Act CL of 2017 - Section 84 (1) and (2) on the Rules of Taxation
- 26 Act CL of 2017 - Section 154 (1) and (2) on the Rules of Taxation
- 27 Act CL of 2017 - on the Rules of Taxation Sections 164 (7) and 165 (1) and (5)
- 28 Act CL of 2017 - on the Rules of Taxation Section 225 (4)
- 29 Act CL of 2017 - Section 227/B on the Rules of Taxation
- 30 Act CL of 2017 - on the Rules of Taxation, Annex 1, Section 1.22
- 31 Act CLI of 2017 - on the Tax Administration Procedure Section 70 (3a) - (3e)
- 32 Act CLI of 2017 - Section 95 (2a) - (2c) on the Tax Administration Procedure