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## SME INFO HU

### CURRENT TAX-RELATED AND OTHER CHANGES AFFECTING PAYROLL



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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This publication summarises the new legislation affecting payroll in Hungary. The changes affect several areas (personal income tax, social contribution tax, simplified employment, health insurance, tax administration). A new insurance legal relationship will be introduced in social security, and with the Electronic Social Security booklet, a new era will be launched in the field of certifying insurance legal relationships.

Most of the provisions will enter into force on 1 January 2026. In the case of some transitional or fixed-term legal provisions, the entry into force is earlier than the above date. The newsletter also contains the amendments that have been adopted earlier than the autumn tax package but are due to enter into force on 1 January 2026. As usual, our aim is not to provide a comprehensive overview of the changes, but to highlight the topics we consider important.

The SME Team

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# 1 PERSONAL INCOME TAX

## 1.1 Family tax base allowance: the second stage of increasing the allowance amount

The previously approved **two-stage increase** in the rate of the family tax base allowance **is entering its second phase**. The rate of the increase differs depending on the number of beneficiary dependents for whom the beneficiary can claim the allowance.<sup>1</sup>

The increased amounts are as follows:

Beneficiary dependent (person)	Tax base allowance that can be applied (HUF)	Redeemable discount (net, HUF)
	Beneficiary per dependent and by month of entitlement	
1	133 340	20 000
2	266 660	40 000
3	440 000	66 000

**Good to know:** The realizable net tax allowance is 15% of the tax base allowance.

Pursuant to Act LXXXIV of 1998 on the Support of Families, the amount of the **additional allowance** available for dependents classified as **chronically ill or severely disabled persons** in addition to the above amounts **will also increase** to HUF 133 340 gross per month and per beneficiary dependent, which means a net tax relief of HUF 20 000 for the beneficiary.<sup>2</sup>

**Info:** The other conditions of the tax base allowance will remain unchanged.

*Effective from: 1 January 2026*

## 1.2 Introduction of the allowance for mothers raising two children

Within the framework of the family tax reduction program, from 2026 to 2029, the tax base allowance for mothers raising two children will be introduced **annually in a gradual manner related to the age of the mother**.

The detailed rules of the allowance will be defined in a new law.<sup>3</sup>

**Important:** According to the law, **in 2026**, mothers with two children **who turn 40 after 31 December 2025**, i.e. were born on 1 January 1986 or later, will be entitled to the allowance.

The amount of the tax base allowance is equal to the amount of the mother's **income in the consolidated tax base, as detailed in the law**. The allowance can be applied

to incomes earned after 31 December 2025, and in the case of income from employment, to the amount of income accounted for the period after 31 December 2025.

Entitlement to the allowance begins on the first day of the month in which the mother qualifies as a mother raising two children as defined by law on any day of that month and ends in the month in which she no longer qualifies as such.

The benefit can be claimed during the year by submitting a tax advance declaration to the employer or payer providing income to the mother, and any benefit not claimed during the year can be claimed in the annual personal income tax return.

**Info:** From 2027, mothers with two children who will turn 50 after 31 December 2026 will be eligible for the allowance, i.e. those born on or after 1 January 1977. From 2028, mothers with two children who turn 60 after 31 December 2027 will be eligible for the tax allowance, i.e. those born on or after 1 January 1968. From 2029, the age restriction will be lifted.

*Effective from: 1 January 2026*

## 1.3 Amendments to the allowance for mothers under 30

The tax base allowance known so far will be set out in a separate law<sup>4</sup>, and its **conditions will be modified in a few points**.

- A woman under the age of 30 is also considered a mother if she is entitled to the family tax base allowance and **turns 30 after 31 December of the year preceding the tax year, regardless of when her entitlement arose** by blood or with regard to her adopted child or foetus.
- **The upper limit of the tax exemption will be abolished.** Affected mothers can claim full personal income tax exemption on their incomes included in the consolidated tax base as detailed in the law during their months of entitlement. The allowance can be applied to incomes earned after 31 December 2025, and in the case of income from employment, to the amount of income accounted for the period after 31 December 2025.

**Important:** From 2026, the allowance for mothers under the age of 30 will be in the first place in the order of tax base allowances.

The benefit can be claimed during the year by submitting a tax advance declaration to the employer or payer providing income to the mother, and any benefit not claimed during the year can be claimed in the annual personal income tax return.

*Effective from: 1 January 2026*

## 1.4 New order of tax base allowances and changes in relation to tax advance declarations

The tax base allowances will be available **in the following new order**:<sup>5</sup>

- allowance for mothers under 30 years of age,
- allowance for mothers with four or more children, three children or two children,

- allowance on infant care benefit (prenatal allowance), child-care benefit and adoption fee,
- allowance for young people under the age of 25,
- personal allowance
- allowance for first-time spouses,
- family tax allowance.

In the case of the allowance for mothers raising three children and two children, it will also be possible for the private individual entitled to the allowance to make a **continuous tax advance declaration**<sup>6</sup> for the application of the allowance during the year. The employer or payer shall take into account the content of the declaration made by the mother for the application of the allowance during the year with the same content as long as the private individual does not make a new declaration or request that the declaration made earlier be disregarded. The private individual only has to make a new declaration if there is a change in the data on which the validation is based.

As a transitional rule and in the spirit of administrative reduction, the employer and the payer will also consider **the tax advance declaration made** by the mother raising three children **in 2025 as a continuation tax advance declaration**, unless the mother submits a new tax advance declaration.<sup>7</sup>

If the mother submits a tax advance declaration **in order to claim the family tax base and contribution allowance**, she may declare in this declaration, indicating the legal title, that she **also claims the allowance for mothers** raising four or more, three or two children with regard to the beneficiary dependents indicated in the declaration, provided that the conditions for application are met.<sup>8</sup>

**Good to know:** The Tax Authority will publish the new type of tax advance declarations on its website at the **end of 2025 or in the first days of 2026**, according to its usual practice, or in electronic format for the use of the Online Form Filling Application (ONYA).

*Effective from: 1 January 2026*

## 1.5 Grocery shopping with a SZÉP Card

As a transitional provision, the amount transferred by the employer to the Széchenyi Rest Card ('SZÉP Card') **may also be spent on the domestic purchase of food** classified into the product classes specified in the decree<sup>9</sup> by the trader performing the economic activity specified in the relevant government decree **in the period between 1 December 2025 and 30 April 2026**.

**Important:** The expansion of the area of use does not affect the tax rules of the amount transferred to the SZÉP Card.

*Effective from: 1 December 2025*

## 1.6 Tax-exempt benefit: costs of teacher in-service training borne by another person

As a transitional provision, the tax-exempt benefit introduced in respect of the **costs of teacher in-service training borne by another person** or the reimbursement of the **costs of in-service training** can already be applied to benefits provided **after 31 December 2024**.<sup>10</sup> The costs include the cost of training, meals, travel and accommodation provided during the training period.

*Effective from: 20 November 2025*

## 1.7 Bicycle powered by a higher power electric motor as a tax-free benefit

The amendment of the law increases the power of bicycles that **can be provided tax-free** by the employer or payer from a maximum of 300 W to **750 W**.<sup>11</sup>

*Effective from: 1 January 2026*

## 1.8 Cost difference

**The penalty for the cost difference will be reduced** from 39% **to 12%** if the private individual requested the deduction of expenses eligible with itemized certificates in his or her declaration for the determination of the tax advance, and it exceeds the certified cost accounted for.<sup>12</sup>

The private individual must declare and pay the differential penalty as a separate obligation in their annual personal income tax return.

**Info:** The 12% differential penalty rate will remain unchanged for the difference in payment resulting from the unjustified application of tax base allowances.

**Good to know:** The differential penalty does not have to be indicated and paid if the difference in costs or the difference in payment does not exceed HUF 10 000.

*Effective from: 1 January 2026*

## 2 SIMPLIFIED EMPLOYMENT

In connection with seasonal agricultural and tourism work, the annual employment framework of 120 days between the same parties will be abolished.<sup>13</sup> The 90 days employment framework for casual work currently existing for the same parties will also be abolished.<sup>14</sup>

**Good to know:** **In the case of casual work, the daily and monthly employment limits will continue** to apply in 2026: the fixed-term employment can be established for a maximum of five consecutive calendar days in total, and for a maximum of fifteen calendar days in a calendar month.



The annual limit of days relating to seasonal agricultural work defined in the law<sup>15</sup> will be increased: if **the employee enters into an employment relationship** with different employers on **several occasions for seasonal agricultural work**, the total duration of these employment relationships **may exceed 120 days in the calendar year by another 90 days**.<sup>16</sup>

**Important:** Monitoring the new framework is still task of the employer, and the employer's inspection cannot be replaced by an employee statement.

For the additional 90 days beyond 120 days, **the rate of the public charge payable by the employer increases:** 1.125 percent of the minimum wage valid on the first day of the current month is payable, per employee and for each calendar day of the employment relationship.<sup>17</sup>

*Effective from: 1 January 2026*

### 3 LONG-TERM (CONTINUOUS) AGENCY RELATIONSHIP

Within the conceptual system of social security, **a new term will be introduced** into the scope of unconditional insurance relationships: **the long-term (continuous) agency relationship**<sup>18</sup>.

According to the intention of the legislator, the introduction of this legal relationship will make it smoother to determine the entitlement to cash benefits of health insurance, the European Health Insurance Card and the A1 certificate.

**Important:** It should be noted that **the Civil Code**<sup>19</sup> **does not specifically define the conditions under which an agency contract can be considered long-term (continuous)**. The long-term agency is only included **in the conceptual system of the Social Security Act**, according to which it **means an agency relationship that the employer reports to the state tax and customs authority as a long-term agency relationship**.

Therefore, employers are advised to seek the help of a specialist lawyer **to review their currently valid agency contracts**, especially those of the nature of framework contracts.

Contrary to the general rule, the notification pursuant to law<sup>20</sup> must be made not retrospectively, but **at the time of establishing the permanent contractual relationship, using legal relationship code 1115**. The insured relationship shall be considered to exist continuously from the start date of the contract until the principal reports the end of the legal relationship.

A person registered as having a long-term agency relationship will also be insured<sup>21</sup> if his or her income from this activity, which constitutes the contribution base for the current month, does not reach thirty percent of the minimum wage, or thirtieth of it for calendar days. Thus, in **addition to personal income tax, the client must also deduct social security contributions from this person's income. As a general rule, the contribution base is the monthly income from the assignment, but**

**at least 30 percent of the minimum wage** (minimum contribution payment limit).<sup>22</sup> Exemptions from the proportional payment of contributions are the exceptions provided for by law relating to the existence of an insurance relationship and the receipt of certain cash benefits of health insurance.

The client will also be obliged **to pay social contribution** tax on a monthly basis during the entire period of the long-term agency relationship, **the tax base of which is the same as the basis of the social security contribution, not including the service fee**.<sup>23</sup>

The introduction of a long-term agency relationship also affects private individuals employed in this legal relationship and opting for simplified public tax contributions (EKHO), as well as companies qualified as small taxpayers.

*Effective date: January 1, 2026*

## 4 NEW RULES ON MINIMUM WAGES

### 4.1 Minimum wage and guaranteed minimum wage<sup>24</sup>

**The mandatory minimum amount of basic wage** for full-time employees (minimum wage) in case of monthly wage will be expectedly HUF 322 800.

**The guaranteed minimum wage** established as a basic wage for an employee employed in a job requiring at least secondary education or secondary vocational qualifications in the case of full-time employment in case of monthly wage will be expectedly HUF 373 200.

*Effective from: 1 January 2026*

### 4.2 Minimum wage for EU Blue Card employees

The mandatory minimum monthly wage to be paid to a third-country national employed **with an EU Blue Card who has a high level of qualifications and holds a position with a FEOR number as set out in a government decree** is HUF 1 001 048 and HUF 800 838 respectively in 2026.<sup>25</sup>

*Effective from: 1 January 2026*

## 5 EARNINGS

### 5.1 Average monthly gross earnings at the level of the national economy

**The average monthly gross earnings for the national economy** published by the Central Statistical Office for July 2025 amounted to HUF 715 765 per person.<sup>26</sup>

The monthly maximum tax base allowance for young people under the age of 25 will continue to be tied to this indicator in 2026, with the allowance not

exceeding the multiplication of the number of months of eligibility and the average gross earnings at the level of the national economy per tax year.<sup>27</sup>

The gross average earnings at the level of the national economy are also decisive when determining the income constituting the contribution base, if Hungary does not have the right to tax on the basis of a national economy treaty, or if there is no obligation to assess tax advances in the absence of a double taxation treaty.<sup>28</sup>

*Effective from: 1 January 2026*

## 5.2 Average annual earnings

The term of average annual earnings<sup>29</sup> will be introduced, defined as **twelve times the average gross earnings at the level of the national economy** published for the month of July of the year preceding the reference year.

In 2026, this amount is HUF 8 589 180.

*Effective from: 1 January 2026*

## 6 CHANGES RELATED TO HEALTH INSURANCE

### 6.1 Introduction of the Electronic Social Security booklet and phasing out the paper-based one

The E-Social Security Booklet **is the electronic register of the health insurance institution with the data specified in the law**, from which the social security paying agencies may, after electronic identification, query the data of the insured who are in a legal relationship entitling them to social security benefits at the time of



the query.<sup>30</sup> The inquiry may be made for the purpose of enforcing claims related to cash benefits of health insurance.

**Info:** Employers who do not operate social security payment agencies will not have access to the interface.

At the same time, **the obligation of the insured person to hand over his or her paper-based Social Security Booklet (officially known as the “Certificate of Insurance Relationship and Health Insurance Benefits”) to the employer at the time of establishing the legal relationship with the obligation to insure will cease.**<sup>31</sup>

**Important:** In the case of the above provision, it is irrelevant whether the employer operates a social security payment agency or not.

The paper-based Social Security Booklet received before 1 January 2026 **must be credibly issued to the insured persons by all employers at the latest at the termination of their legal relationship.** The insured person is obliged to keep the paper-based booklet, while in the event of failure to handing over, the employer is obliged to keep until five years after the insured person reaches his or her retirement age.<sup>32</sup>

*Effective from: 1 January 2026*

### 6.2 Official certificate<sup>33</sup>

The health insurance institution or the social security paying agency shall issue an official certificate at the request of the client, including the purpose of use. A change is that the health insurance institution **will also indicate in the official certificate, in accordance with the client’s request, the benefits determined or paid by the other health insurance institution and determined or paid by the social security payment agency after 30 June 2023.**

The official certificate is issued by the health insurance institution that established the benefit for the client. If the data to be verified in the official certificate concern several health insurance institutions with different jurisdictions, the official certificate shall be issued by the health insurance institution established any benefit for the client at the last.

*Effective from: 1 January 2026*

### 6.3 Passive benefits: change in the disbursing institution

**The competence of the payment** of infant care benefit (prenatal allowance), child-care benefit, adoption fee and accident sick pay **on a passive basis** (after the termination of the insurance relationship) will be transferred from the employer’s social security payment agency **to the government office of the employer’s registered office.**<sup>34</sup>

**Good to know:** The employer’s social security payment agency must notify the government office of the start date of the passive right benefit.

*Effective from: 1 January 2026*

## 7 SOCIAL CONTRIBUTION TAX

### 7.1 Obligation of a person engaged in ancillary activities<sup>35</sup>

The obligation to pay social contribution tax arises **in the case of a (retired) woman who claims one of the mothers' tax base allowance and is engaged in ancillary activities<sup>36</sup> under the Social Security Act,**

- **if** the income on which the mothers' allowance is based does not come from the payer, or if the payer would not otherwise be obliged to deduct tax advances from the income under the rules of the Personal Income Tax Act, **or if** these incomes come from the payer and the payer would be obliged to deduct personal income tax advances from the income as a general rule
- **and** the amount of income earned by her or received from the same payer that forms the basis of the mothers' allowance exceeds four times the average annual earnings in the current year.

Other payers qualifying as related parties under *Act LXXXI of 1996 on Corporate Income Tax and Dividend Tax* shall be considered to be the same payer as the payer.

**Important:** The social contribution tax liability arises **on an amount exceeding four times the average annual earnings**. In 2026, this threshold is HUF 34 356 720. The private individual must declare the tax in its tax return for the current year and pay it by the payer as a liability for January of the year following the current year.

*Effective from: 1 January 2026*

### 7.2 Tax base diversion to be abolished<sup>37</sup>

In the case of full-time partnerships and sole proprietors, **the minimum basis of social contribution tax to be assessed will be reduced** from 112.5% of the minimum wage or guaranteed minimum wage applicable to the entrepreneur **to 100%**.

*Effective from: 1 January 2026*

## 8 HEALTH SERVICE CONTRIBUTION<sup>38</sup>

If the insurance of a domestic private individual under the Social Security Act is terminated or suspended and he or she is not entitled to health care services on any other grounds, he or she must continue to pay the health service contribution after the expiry of the statutory deadline. The amount of this **will increase to HUF 12 300 per month, and to HUF 410 per day in the case of a fractional month.**

*Effective from: 1 January 2026*

## 9 AUTOMATIC DELETION OF TAX NUMBERS<sup>39</sup>

The Tax Authority will be entitled to **automatically delete the taxpayer's tax number** in several cases. Such a payroll-related case includes, if the taxpayer **fails to submit the monthly tax and contribution return within ninety days of the statutory deadline or fails to report the legal representative**. Before the cancellation, the authority shall call upon the taxpayer concerned to make up for the missed reporting or return by setting a deadline of thirty days. If the replacement is not made by the deadline, the authority will delete the tax number and notify the court of registration on the following day by initiating the procedure for the termination of the company.

*Effective from: 20 November 2025*

*Editing closed on December 8, 2025*



### References

- 1 Section 29/A (2) of Act CXVII of 1995 on Personal Income Tax (hereinafter referred to as: Personal Income Tax Act)
- 2 Personal Income Tax Act Section 29/A (2a)
- 3 Act XIV of 2025 on the Allowance for Mothers Raising Two Children
- 4 Act XIII of 2025 on the Allowance for Mothers Under 30
- 5 Personal Income Tax Act Section 29/H (1)
- 6 Personal Income Tax Act Section 48 (2a)
- 7 Personal Income Tax Act Section 111 (1)
- 8 Personal Income Tax Act Section 48 (2b)
- 9 Personal Income Tax Act Section 110 (2); Section 21/A of Government Decree 76/2018 (20 April) on the Rules of Issuance and Use of the Széchenyi Rest Card
- 10 Personal Income Tax Act Section 110 (1)

- 11 Personal Income Tax Act Annex 1 Section 8.44
- 12 Personal Income Tax Act Section 48 (4) a)
- 13 Act LXXV of 2010 on Simplified Employment (hereinafter referred to as: Simplified Employment Act) Section 2, Point 1
- 14 Simplified Employment Act Section 2 (b)
- 15 Simplified Employment Act Section 2 Point 1
- 16 Simplified Employment Act Section 1 (4a)
- 17 Simplified Employment Act Section 8. (2) b)
- 18 Section 4 point 23 of Act CXXII of 2019 on Entitlement to Social Security Benefits and the Coverage of These Benefits (hereinafter referred to as: Social Security Act)
- 19 Act V of 2013 on the Civil Code, Title XVI, Chapter XXXIX
- 20 Annex 1 Point 3 of Act CL of 2017 on the Rules of Taxation (hereinafter referred to as: Rules of Taxation Act)
- 21 Social Security Act Section 6 (1) l)
- 22 Social Security Act Section 27 (2)
- 23 Section 1 (10) of Act LII of 2018 on Social Contribution Tax (hereinafter referred to as: Social Contribution Tax Act)
- 24 Please note: At the time of closing this newsletter, the amounts and related pro rata amounts (weekly, daily, hourly) have not yet been published in the Hungarian Gazette.
- 25 Section 3 of 44/2011. (16 December) NGM Decree, Official Bulletin No. 49 of 2025 (30 October 2025)
- 26 Official Bulletin No. 52 of 2025 (17 November 2025)
- 27 Personal Income Tax Act Section 3, Point 82 and Section 29/F (2)
- 28 Social Security Act Section 4 Point 22; Section 27 (1) b)
- 29 Personal Income Tax Act Section 3 Point 71
- 30 Sections 9/A - 9/B of Act XXXIX of 1998 on the State Supervision of Social Security Financial Funds and Social Security Organs
- 31 Government Decree 217/1997 (1 December) on the Implementation of Act LXXXIII of 1997 on the Benefits of Compulsory Health Insurance (hereinafter referred to as Health Insurance Decree) – Section 37 will be repealed
- 32 Health Insurance Decree Section 50/E
- 33 Health Insurance Decree Section 41/A (1) – (3)
- 34 Health Insurance Decree Section 38 (1) b); Section 62 (2) b) of Act on Compulsory Health Insurance Benefits (hereinafter referred to as: Health Insurance Act)
- 35 Social Contribution Tax Act Section 5 (1a) - (1b); Section 3 (9)
- 36 Social Security Act Section 4 Point 11
- 37 Social Contribution Tax Act Section 8 (1); (3); (4)
- 38 Social Security Act Section 25 (3)  
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- 39 Rules of Taxation Act Section 246 (1) g); (2)