

## SME INFO HU

### AUTUMN TAX PACKAGE 2023 IN HUNGARY

14 December 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 Autumn Tax Package 2023 brought significant changes in many aspects, including the implementation of the long-planned e-VAT, further changes to the trusts or the new R+D allowance and deferred tax concept in relation to the Global Minimum Tax. In order to help the structured information flow we have classified the changes and release more INFOs. This booklet covers the „classic“ tax related changes and as usual

our goal is, instead of issuing a comprehensive summary, to focus on the changes we consider significant. Besides, we publish separate newsletters about the main accounting changes, and we also issue further booklets about the Global Minimum Tax and the termination of the USA-HU double tax treaty.

The SME Team

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## 1 Personal Income Tax (PIT)

### 1.1 Modification of the date of acquisition of income <sup>(1)</sup>

The date of acquisition of income under the PIT Act is changed in the case where income is realised in the form of services received. The time of acquisition of income is important in determining the time of tax liability, and the legislator wished to solve a long-standing problem according to the explanatory memorandum to the amendment. The previous PIT Act, prior to the amendment, stated that in the case of services received, the tax liability arose at the time the service was provided by the supplier in accordance with the VAT Act. However, this information was not available to the person concerned until they had the invoice for the service, which caused problems in many cases. The current amendment shifts the point in time at which the revenue is generated, and the tax liability arises to the point in time at which the document (e.g. invoice) is available. However, it is important to note that the text of the amendment states that this relief is only available where the supplier and the service provider is the same.

*Date of entry into force: 1 January 2024*

### 1.2 Tax assessment, declaration and payment deadlines for „benefits in kind“ <sup>(2)</sup>

The amendment changes the settlement period for the tax liability of specific defined benefits and non-wage benefits from monthly to quarterly, so that from the effective date, benefits in kind will typically be assessed, declared and paid on a quarterly basis rather than on a monthly basis. This means, for example, that a small value benefit in July 2024, a company telephone allowance in August and a team-building event in September can be accounted for, declared and paid all at once by 12 October.

*Date of entry into force: 1 January 2024*

### 1.3 Small value gift can be given three times <sup>(3)</sup>

The amendment allows payers/employers to provide up to three times of so-called „small value gifts“ as defined in the PIT Act. The recipient of the gift can be anyone, but the record keeping of the recipient persons is still required for the favourable tax treatment. A small value gift continues to be



- (1) Act CXVII of 1995 – on Personal Income Tax 9.§ (2) c)
- (2) Act CXVII of 1995 – on Personal Income Tax 69.§ (5) a)
- (3) Act CXVII of 1995 – on Personal Income Tax 70.§ (6) a)

a gift of goods or services whose value does not exceed 10% of the minimum wage. According to previous confirmations from the tax authorities, the 10% limit must be calculated on a gross basis, i.e. if VAT is charged on the gift, it will be included in the calculation of the value of the gift!

*Date of entry into force: 1 January 2024*

#### 1.4 Taxation of fiduciary assets management <sup>(4)</sup>

The taxation of the transfer of assets to a trust or private foundation, which is linked to the appreciation of assets, came into force in September this year. The logic of the legislation learnt in September (a revaluation to market value at the time of the transfer of the asset is treated as a sale for consideration and is taxed at the time of the transfer) will be significantly changed by the amending law.

Thus, at the time of the transfer of the assets, the appreciation must be carried out, its value must be determined, and the principal has to actively participate in this process and provide data to prove the costs incurred by him in the acquisition of the property items. However, this asset transfer and revaluation of the assets do not automatically result in the immediate taxation of the income under the amended legislation.

A taxable income arises when

- the assets held in trust (initial capital) are used to provide income to the beneficiary
- and this is done within five years of the date of the original asset transfer.

In this case, the income from the asset is taxed as dividends.

The detailed explanatory memorandum to the amendment states: „Instead of the input taxation introduced in the context of trusts, the amendment introduces output taxation in cases where the value of the initial capital of the assets managed by the fiduciary asset management or private foundation is used to provide income to the beneficiary”.

The amending law considers taxpayers also, who have already acted in accordance with the new rules – which came into force on 12 September 2023 – when transferring their assets. In a transitional provision, the legislator allows for the application of the more favourable – and fundamentally different – rules now being introduced for those who applied the rules valid starting from 12 September. This option is a matter of choice for the taxpayer and, if the new rules are chosen, the obligations of the principal and the



(4) Act CXVII of 1995 – on Personal Income Tax 65/C §

trustee (private foundation) must be fulfilled by the 15th day after the date of entry into force of the amending law.

*Date of entry into force: 30 December 2023*

#### 1.5 Acquisition of shares in a start-up company <sup>(5)</sup>

Special tax relief is granted for shares (as a right of membership) acquired free of charge or at a reduced rate in a start-up company as an employee or manager and this relief is valid also for the right to acquire shares. To qualify for the tax exemption, the acquired share (or the right to acquire it) cannot be sold or transferred for 3 years from the date of acquisition. By 31 January of the following year, the start-up company must inform the tax authorities of the value of the shares transferred and the amount paid by individuals.



Start-ups are micro and small enterprises that have been registered for five years or less, are not listed on a stock exchange, have not yet distributed profits and have not been created by a merger or division.

*Date of entry into force: 1 January 2024.*

#### 1.6 Modification of the family tax allowance in special cases <sup>(6)</sup>

From 1 August 2023, the family tax allowance for a dependent beneficiary who is permanently ill or severely disabled under the Family Tax Allowance Act will be available at a higher rate per month of entitlement. In a specific part of the cases arose, there were obstacles in obtaining the certificate required to claim the increased tax credit for beneficiaries aged 18 or over. The amendment corrects this administrative anomaly.

*Date of entry into force: 1 December 2023*



(5) Act CXVII of 1995 – on Personal Income Tax 77/A § (2) m) és 77/B § (12)

(6) Act CXVII of 1995 – on Personal Income Tax 29/A § (2a)

## 1.7 Other PIT related modifications

- For tax allowance for mothers under the age of 30, a declaration shall also be submitted by the individual providing further details in connection with the allowance. <sup>(7)</sup>
- Bottled wine will be a tax-exempt fringe benefit in the case of circumstances determined by the amendment law. <sup>(8)</sup>

*Date of entry into force: 1 December 2023*

- The place of acquisition of income is changed for a special category of taxpayers. These are taxpayers engaged in performing, artistic and sports activities. In their case, the place of acquisition of income will be the „state in which the activity is carried out, even if the income from this activity is received not by the individual but by another person“. <sup>(9)</sup>
- The law defines the concept of gross average earnings at the level of the national economy, which is used to determine the tax benefits for mothers under the age of 30 and employees under the age of 25. <sup>(10)</sup>
- The amendment removes the „licensed lottery“ section from the „winnings income“ section of the PIT Act. This means that winnings from lotteries are no longer taxable income from the date of entry into force. <sup>(11)</sup>

*Date of entry into force: 1 January 2024*



- (7) Act CXVII of 1995 – on Personal Income Tax 29/G § (6)
- (8) Act CXVII of 1995 – on Personal Income Tax, Appendix 1. point 8.45.
- (9) Act CXVII of 1995 – on Personal Income Tax 3§ 4. g)
- (10) Act CXVII of 1995 – on Personal Income Tax 3.§ 82. pont
- (11) Act CXVII of 1995 – on Personal Income Tax 76.§ (4)

## 2 Corporate income tax (CIT)

### 2.1 Modified tax allowance for investments with energy efficiency targets <sup>(12)</sup>

A recently amended European Union regulation (General Block Exemption Regulation) will change the tax incentives for investments with energy efficiency targets. It introduces new concepts, such as „alternative investment, renovation“ and „primary energy“, and significantly changes the eligibility, amount and rate of the incentives.

Those planning to invest should consult an adviser to make sure they are getting the most out of the discounts available.

*Date of entry into force: 1 December 2023*

### 2.2 New Research and Development (R&D) tax allowance <sup>(13)</sup>

In the „shadow“ of the introduction of the global minimum tax, the new legislation introduces a new R&D tax allowance which is otherwise considered as a refundable tax credit under the global minimum tax legislation, i.e. if the amount of tax does not allow the full amount to be claimed during the tax allowance settlement period and the conditions set out in the legislation are met, the government will pay (refund) the remaining amount to the taxpayer.



Although it is being introduced because of the Global Minimum Tax, the new relief is not only available to companies that are subject to it.



The existing R&D taxbase deductions possibility remains in the scheme and the taxpayer can choose which one to claim (both cannot be claimed at the same time). The taxpayer must notify the tax authority of its choice, which may not be departed from before the sixth year following the tax year of its choice, which must also be notified



- (12) Act LXXXI of 1996. – on Corporate Tax and Dividend Tax 4.§ 2a., 22/E §
- (13) Act LXXXI of 1996. – on Corporate Tax and Dividend Tax 22/G §, 29/A § (118)

The new R&D allowance may be applicable to direct costs incurred for the purposes of

- taxpayers' own basic research,
- applied (industrial) research,
- experimental development activities.

The tax allowance is limited to 10% of the eligible costs, but not exceeding the euro-based ceilings per taxpayer and per project (EUR 55/35/25 million).

The allowance is available for the first time, – at the taxpayer's option – on eligible costs incurred in the 2024 tax year.

Those carrying out such R&D activities are advised to consult a tax advisor to make the best use of the relief (which one to choose, the impact of the choice on corporation tax and possibly on the global minimum tax).

*Date of entry into force: 31 December 2023*

## 2.3 Notified shares – one-off opportunity for retrospective notification <sup>(14)</sup>

In connection with the introduction of the global minimum tax, the amendment provides a possibility of retrospectively declaring shareholdings that are not classified as notified share prior to 31 December 2023, provided that they meet the definition of a notified share under the CIT Act.

Deadline for the notification: the last day for filing the annual corporate tax return for the 2023 tax year (31 May 2024 for taxpayers with a normal tax year). If the deadline is missed, no request for verification may be submitted.



This option is available to all taxpayers, not just those subject to Global Minimum Tax.



(14) Act LXXXI of 1996. – on Corporate Tax and Dividend Tax 29/A § (119)-(122)



There is also a connecting tax liability! 20% of the positive difference between the market value of the shareholding and its book value on 31 December 2023 must be declared and paid as taxable income by the last day for filing the annual corporate tax return. The market value must be certified by an auditor or other appropriate expert. In subsequent years, this market value on 31 December 2023 will be considered as the cost value for corporation tax purposes.

For taxpayers who will be subject to the global minimum tax, we recommend that they consult with a tax advisor to determine whether it is worthwhile to use the possibility of making a retrospective declaration.

*Date of entry into force: 31 December 2023*

## 2.4 Other modifications

- With regard to the investment tax incentives, the scope of the cases in which the authorisation (decision) of the European Commission is required in order to benefit from the tax credit is clarified (in present value, the state aid for an investment costing EUR 110 million is higher than EUR 41.25/24.75/49.5 million). For the investment tax incentives for SMEs, the approval of the European Commission will be required in cases where the amount of state aid exceeds HUF 8.25 million. <sup>(15)</sup>
- The concept of a controlled foreign company has been amended. Under the amendment, it will no longer be possible to exempt foreign branches of Hungarian companies from the controlled foreign company qualification, which was previously allowed because Hungary's double taxation treaty with the non-EU country in which the foreign branch is located provided for a mandatory exemption for Hungary. <sup>(16)</sup>
- The list of expenses that are not incurred for the benefit of the company is amended. This includes interest and royalty payments made to taxpayers resident in states (territories) that are on the EU's list of non-cooperating states (territories). States with zero or low tax rates are also included.



(15) 1996. évi LXXXI. tv. – a társasági adóról és az osztalékadóról 22/B.§ (2a) a)  
(16) 1996. évi LXXXI. tv. – a társasági adóról és az osztalékadóról 4.§ (11) h)

However, the taxpayer has the right to prove that the payment was made for a genuine commercial or economic advantage. <sup>(17)</sup>

*Date of entry into force: 1 January 2024*

### 3 Value Added Tax (VAT)

#### 3.1 Place of supply rules – online events <sup>(18)</sup>

The place of supply of services in respect of admission to cultural, artistic, scientific, educational, entertainment, sporting or other similar events or activities shall be the place where those events, fairs, exhibitions and presentations actually take place. The consequence of the 2024 amendment is that, in the case of online participation in the above-mentioned events, including non-taxable participants, the place of supply of service will be the place where the customer is established for business purposes or, failing that, where he has his permanent address or usually resides.

*Date of entry into force: 1 January 2025*

#### 3.2 Reverse charge taxation <sup>(19)</sup>

In connection with construction and other similar works, which are treated as services supplied for the purpose of building, expansion, remodelling and any other form of alteration of a property is paid by the recipient of the service, if the activity on the property is subject to an official authorisation (or notification). In such cases, the recipient of the service must declare this in advance and in writing to the provider of the service. This rule is supplemented by the fact that, where the authorisation or notification to the public authorities relates to an activity carried out by the service provider in relation to property, the latter is responsible for making a declaration to the taxable person to whom the service is supplied.

*Date of entry into force: 1 January 2024*

#### 3.3 E-receipt and documents treated as receipts <sup>(20)</sup>

From 2025, e-receipt and e-cash registers will be introduced. The amending law contains additional amendment in this context. Accordingly, e-receipts



(17) Act LXXXI of 1996. – on Corporate Tax and Dividend Tax Appendix 3 point A) 1.

(18) Act CXXVII of 2007 – on Value Added Tax 42.§ (2), 43.§ (3)

(19) Act CXXVII of 2007 – on Value Added Tax 142.§ (1) b)

(20) Act CXXVII of 2007 – on Value Added Tax 166.§ (1a), 173.§ (1)-(3), 173/A.§, 173/B.§, 174. §, 176.§ (1)-(2), 178.§ (1a)

will be considered as issued when they are received in the receipt repository. In addition, the mandatory data content of the e-receipt will be defined, and the name of the product sold, the global commercial identification number and the quantity will have to be indicated on the e-receipt. The exact description of the service provided will also be required. In addition, where the consideration is expressed in gross amounts, the tax rate calculated based on the gross amount will also be required to be indicated on the e-receipt.

The amendment introduces the concept of “a documents treated as receipt” and its content.



A document treated as receipt is any document that modifies a receipt, if it contains the following information: the date of the document, the serial number, a reference to the receipt of which data content is amended by the document, the name of the receipt data affected by the amendment and the nature of the amendment and its numerical effect, if any..

Invoices and receipts may be issued electronically or on paper, but e-receipts shall be issued electronically. However, if the purchaser of the goods or services requests a paper copy, it will have to be provided.

*Date of entry into force: 1 January 2025*

#### 3.4 The e-VAT return is coming <sup>(21)</sup>

From 2024, taxpayers will have three ways to fulfil their VAT return obligations:

- On the form provided for this purpose, in the traditional way (ÁNYK);
- on the electronic interface provided for this purpose by the tax authority, where the taxpayer completes and modifies the data provided, declares his right to deduct and the exercise thereof and approves the tax return draft compiled from the tax records on the same interface and by the approval of the taxpayer the draft return becomes a tax return;
- the 3<sup>rd</sup> option, where the taxpayer transmits, in a manner and data structure published by the tax authority, using a computer interface, the document-level data on which the tax payable is based for the assessment of tax and the exercise of the right to deduct tax, and approves by machine the draft return compiled from these tax records (computer interface).



(21) Act CXXVII of 2007 – on Value Added Tax 184. §

Solutions (b) and (c) are called e-VAT systems, which can be requested at the earliest for the tax assessment period including 1 January 2024.



If a taxpayer fulfils its obligation to file a return in more than one of the ways listed in points a) to c), the first return filed will be considered the taxpayer's return.

Self-revision of a return completed in the e-VAT system (points b and c) may be carried out using the form provided for this purpose or the appropriate electronic interface. The latter is expected to be possible from 1 July 2024, until then, e-VAT returns can be self-revised via the ANYK interface.

In the electronic platform under point (b), the taxpayer's permanent representative may also fulfil the tax return obligations and accept the draft return.

In connection with the introduction of e-VAT, taxable persons who use the e-VAT system to fulfil their tax return obligations and declare the tax deductible per invoice in the e-VAT system are exempt from the obligation to submit information of received invoices.

*Date of entry into force: 1 January 2025*



### 3.5 Modification of the individual tax exemption rules <sup>(22)</sup>

In line with the changes to EU rules, the individual tax exemption rules will change from 2025. From then on, EU States will have to give taxable persons established in the Community the option of opting for an individual tax exemption status in an EU State where they are not established. This option is subject to the condition that the taxable person remains below the relevant turnover threshold (EUR 100 000) in the calendar year concerned and in the preceding year.

If the taxpayer opts to be exempt in another EU State, he declares his choice in the EU State where he is established and is thus exempt from declaring it in the other EU State.



The extension of the individual tax exemption option will also change the rules on the right of deduction, whereby no right of deduction will be exercised in respect of supplies made by a taxable person in an EU State where he is exempt.

*Date of entry into force: 1 January 2025*

### 3.6 Other modifications

- The legislator increases the amount of tax refundable by members of diplomatic missions and consular posts and members of international organisations from HUF 300,000 to HUF 600,000 per calendar year. <sup>(23)</sup>
- A positive change as a result of the new legislation is that the works of art listed in Annex 8 of the VAT Act are subject to a reduced VAT rate of 5% if the goods come from outside the European Union. <sup>(24)</sup>
- Human dental and dental technician services and related supplies were already recognised in the VAT Act and treated as exempt, but from 1 January 2024 the definition will be clarified. A new point is added also to the legislation, namely the transport of the injured or the sick persons in specially equipped means of transport with an official licence is included in the exempt activities, i.e. unlike before, such activities carried out by non-public service providers are also exempt from tax. <sup>(25)</sup>

*Date of entry into force: 1 January 2024*



(22) 2007. évi CXVII. tv. – az általános forgalmi adóról 187.§ (1), 193. § (1) a), 193.§ (1) h), 195.§ (2), 195.§ (3) a) és (5), 195/A-K. §; 121.§ a)

(23) Act CXXVII of 2007 – on Value Added Tax 108.§ (3)

(24) Act CXXVII of 2007 – on Value Added Tax 82.§ (5)

(25) Act CXXVII of 2007 – on Value Added Tax 85.§ (1) e) és q)

## 4 Local business tax

### 4.1 Net sales revenues and cost of goods sold – supplement <sup>(26)</sup>

The definition of net sales revenues and cost of goods sold specified in the Act on Local Taxes is supplemented due to the scheme of compulsory redemption of products entering into force. As the redemption fee is a mandatory charge, therefore the amendment to the law makes this fee neutral: the amount of redemption fee recognised as revenue decreases the amount of net sales revenues and will not be part of the amount of cost of goods sold either.

The Act introduces the definition of producer and distributor already defined in the Act on Waste.

*Date of entry into force: 1 January 2024*

### 4.2 Direct costs of Research and Developments (R&D) <sup>(27)</sup>

In the case of the new R&D allowance introduced by the corporate tax, the direct costs of R&D activities cannot be deducted from the tax base when calculating local business tax.

*Date of entry into force: 31 December 2023*

## 5 Social contribution tax (SCT)

### 5.1 SCT allowance – change in the scope of eligibility <sup>(28)</sup>

Under the current rules, SCT allowance is available after labour market entrants for employers, considered as payers, if this person had employment, self-employment or company relationship involving insurance obligation for not more than 92 days in the course of 275 days, preceding the month of the beneficiary employment. However, with the amendment of the law effective from 14 August 2023, when defining a labour market entrant, the law clearly excludes third-country nationals from the conceptual scope. The amendment, effective from 1 January 2024, introduces further tightening by stating that only Hungarian citizens can qualify as labour market entrants. In addition, as a minimal relief it states, that SCT allowance may be enforceable for the citizens of non-EEA states bordering Hungary. According to the legal justification the payer can therefore enforce SCT allowance after citizens of countries, such as Serbia and Ukraine, if additional conditions for prior insurance relationship are met.

*Date of entry into force: 1 January 2024*



- (26) Act C. of 1990 – on local taxes 52.§ (22) and (36)
- (27) Act C. of 1990 – on local taxes 39.§ (1) d)
- (28) Act LII of 2018 – on Social Contribution Tax 11.§ (2)

## 5.2 Income paid in arrears to a person who is a foreigner under the social insurance scheme <sup>(29)</sup>

In the case of SCT liability on income (e.g. bonuses) paid in arrears in relation to employment in Hungary, it has been clarified that such income earned through employment in Hungary is subject to SCT and is not covered by the general exemption rules.

*Date of entry into force: 1 January 2024*

## 6 Social Insurance Contribution (SIC)

### 6.1 New average gross earnings definition in SIC <sup>(30)</sup>

According to the amendment, average gross earnings at the level of the national economy are the average gross earnings of full-time employees as published by the Central Statistical Office in the Official Gazette.

*Date of entry into force: 1 January 2024*

### 6.2 SIC base for a third-country citizen on a secondment <sup>(31)</sup>

According to the amendment to the Act, the basis of the SIC for the secondment of a third-country national from Hungary is equal to the remuneration for the (secondment) activity earned in the month in question.

*Date of entry into force: 1 January 2024*

## 7 Retail tax <sup>(32)</sup>

The amendment makes it clear that where the tax year of the taxpayer is shorter than 12 months (e.g. becomes subject to retail tax during the year), the taxpayer must annualise the tax base of the fractional tax year (using a 365-day year) and then calculate the annualised tax amount on this tax base using the scale bands. The tax payable is a proportion of the annual tax thus calculated in relation to the calendar days of the tax year.

*Date of entry into force: 1 December 2023*



- (29) Act LII of 2018 – on Social Contribution Tax 5.§ (1) h), 5§ (4)
- (30) Act CXXII of 2019 – on on Entitlements to Social Security Benefits and on Funding These Services 4.§ (22)
- (31) Act CXXII of 2019 – on on Entitlements to Social Security Benefits and on Funding These Services 27.§ (1) b) bc)
- (32) Act XLV of 2020 – on Retail Tax 6.§ (2)



## 8 Fixed-Rate Tax of Low Tax-Bracket Enterprises and Small Business Tax

### 8.1 Transformation of tax payers subject to Small Business Tax

According to the amendment, being a subject to small business tax will cease on the day before the date of the taxpayer changing its form, in case a private limited company (Zrt) changes its legal form to public limited company (Nyrt). This change is likely to affect only a few subjects to small business tax. <sup>(33)</sup>

According to the current rules, liability for small business tax shall cease effective as of the day preceding the taxable person's merger, division <sup>(34)</sup> and if eligibility for small business tax is terminated, this shall not be available for a period of two tax years. <sup>(35)</sup> Under the amendment, it will be possible to re-opt for being a subject of small business tax. Re-opting will have the following conditions:

- Being a subject to small business tax ceased to exist due to a merger or division at book value, which did not qualify as a preferential transformation under the CIT Act;
- The taxpayer affected by the merger or division must notify the Tax Authority within 15 days after the date of the merger or division that it is opting for being a subject to small business tax again.

According to the amendment, tax liability arises on the day following the date of the merger or division.

The amendment will allow for the merger and division of taxpayers subject to small business tax, in case the above conditions are met.

*Date of entry into force: 1 January 2024*

## 9 Utilities tax <sup>(36)</sup>

From 1 January 2024, communications lines will be exempt from the utilities tax.

*Date of entry into force: 1 January 2024*



- (33) Act CXLVII of 2012 – Fixed-Rate Tax of Low Tax-Bracket Enterprises and Small Business Tax 19.§ (5)
- (34) Act CXLVII of 2012 – Fixed-Rate Tax of Low Tax-Bracket Enterprises and Small Business Tax 19.§ (5) d)
- (35) Act CXLVII of 2012 – Fixed-Rate Tax of Low Tax-Bracket Enterprises and Small Business Tax 19.§ (8)
- (36) Act CLXVIII of 2012 – on Utilities Tax 1.§ 1

## 10 Advertisement tax <sup>(37)</sup>

The 0% rate of advertising tax has been extended for a further 1 year, i.e. there will still be no advertising tax liability until 31.12.2024.

*Date of entry into force: 1 December 2023.*

## 11 Rules of Taxation

### 11.1 Automatic vending machine data reporting <sup>(38)</sup>

The following data must be submitted electronically by the taxpayer who has the right to dispose of the place of operation of the automatic vending machine by 31 October of the year: the place of operation, address, parcel number, number of the supervisory unit, name of the operator and tax number.

*Date of entry into force: 1 January 2024*

### 11.2 Joining a corporate taxpayer group <sup>(39)</sup>

The change in the law makes things easier, as the application for authorisation to join a corporate taxpayer group can be submitted within 30 days of the date of registration with the tax authority for a person who starts the activities during the year.

Please note, however, that the deadline is strict, i.e. if you miss the deadline, you cannot submit a request for verification.

*Date of entry into force: 1 December 2023*

### 11.3 Publication of taxpayers with municipal tax debts <sup>(40)</sup>

Under the current legislation, the data of legal entities that have owed at least HUF 100,000 in tax to the local tax authority for 90 consecutive days may be published. Under the amendment, the limit of HUF 100 000 tax debt will be increased to HUF 500 000.

*Date of entry into force: 1 January 2024*



- (37) Act XXII of 2014 – on Advertisement Tax 5/A.§
- (38) Act CL of 2017 – on the Rules of Taxation 107.§ (1a)-(1c)
- (39) Act CL of 2017 – on the Rules of Taxation 114/B.§ (2)
- (40) Act CL of 2017 – on the Rules of Taxation 130.§ (1)

#### 11.4 Right of comment during liquidation <sup>(41)</sup>

Taxpayers' rights are extended, with the amendment giving taxpayers the opportunity to submit comments within 8 days of receipt of the tax audit report during the liquidation (previously this was not possible).

*Date of entry into force: 30 Dec 2023*

#### 11.5 e-VAT advantage for reliable taxpayers <sup>(42)</sup>

The amendment provides an additional advantage for reliable taxpayers, as if they opt for the machine interface application in the e-VAT system, the tax authority may not initiate an audit on the accepted VAT return for 15 days, provided that there is no suspicion of revenue concealment.

*Date of entry into force: 1 January 2024*

#### 11.6 Lower amount of self-revision fee if e-VAT is applied <sup>(43)</sup>

If the taxpayer opts for the automatic interface in the e-VAT system, the taxpayer does not have to charge a self-revision fee in case submitting a self-revision within 15 days of the due date of the return, but no later than 15 days from the due date.

*Date of entry into force: 1 January 2025*



- (41) Act CL of 2017 – on the Rules of Taxation 145.§ (1)
- (42) Act CL of 2017 – on the Rules of Taxation 154.§ (5)-(6)
- (43) Act CL of 2017 – on the Rules of Taxation 211.§ (3) c)

#### 11.7 Stricter penalties for non-compliance with the obligation to issue an invoice/receipt <sup>(44)</sup>

Under the current rules, a taxpayer who fails to issue invoices or receipts twice within 1 year can be sanctioned with a 12-day shop-closure. As a result of the amendment, the tax authorities do not have to check whether there has been a previous failure, as the shop-closure can be applied for the first failure. The same stricter rule applies to breaches of the obligation to operate a cash register or e-cash register.

*Date of entry into force: 30 December 2023*

## 12 Tax Administration

#### 12.1 Clarification concerning fiscal representatives <sup>(45)</sup>

The amendment clarifies the conditions applicable to the fiscal representative by specifying that a bank guarantee can only be provided by an own bank guarantee that can be linked to the representative.

*Date of entry into force: 28 February 2024*

#### 12.2 Change of audit deadline for the legal successor <sup>(46)</sup>

The amendment extends the time limit for tax audits to 120 days if the successor is subject to a tax audit covering the tax liabilities of the predecessor and if, for at least part of the period under review, one of the predecessors was among the taxpayers with the highest tax performance.

*Date of entry into force: 28 February 2024, shall apply to audits initiated after the date of entry into force*

## 13 Amendment to the legislation on the exchange of country-by-country reports <sup>(47)</sup>

More countries have joined the country-by-country reporting, and now there will be a regular, automatic exchange of country-by-country reports between Hungary and the newly acceded country.



- (44) Act CL of 2017 – on the Rules of Taxation 245.§ (1) c)
- (45) Act CLI of 2017 – on Tax Administration and the Regulation of Tax Administration 20.§ (2)
- (46) Act CLI of 2017 – on Tax Administration and the Regulation of Tax Administration 94.§ (1a)
- (47) Act XCI of 2017 – on the exchange of country-by-country reports Appendix 1

New territories and countries:

- Faroe Islands, Kenya, Liberia, Montserrat, Papua New Guinea, Thailand, Ukraine

*Date of entry into force: 1 December 2023*

## 14 Amendment of the law on the automatic exchange of information on financial accounts <sup>(48)</sup>

The following countries are added to the Multilateral Agreement on automatic exchange of information on financial accounts:

- Georgia, Rwanda, Ukraine

*Date of entry into force: 1 December 2023*



(48) Act CXC of 2015 – on the automatic exchange of information on financial accounts

