



# Tax Agenda Hungary

February 2025



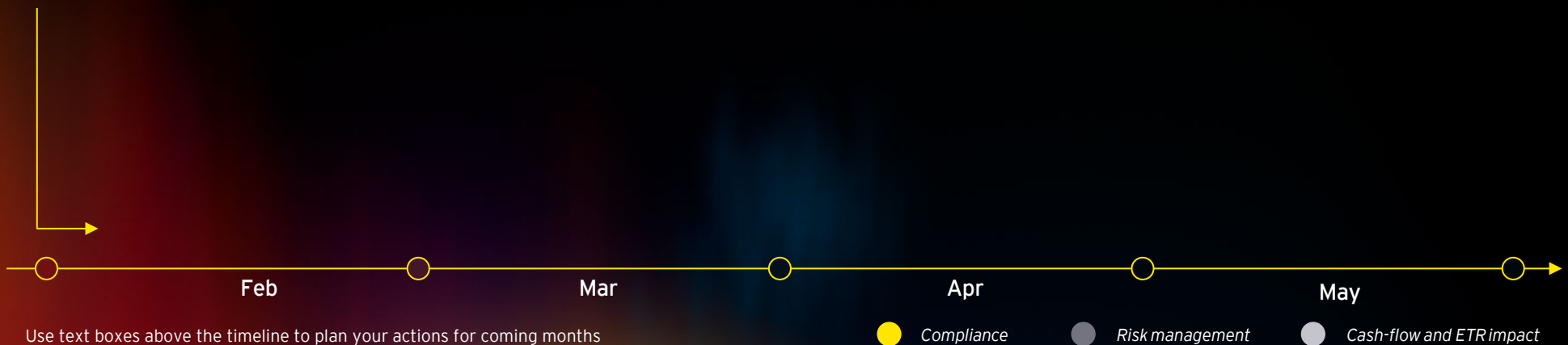
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No.	Fact	Action		
1	<b>Decrease in the Central Bank base rate</b> The Hungarian National Bank decreased the Central Bank base rate on 25 September by 0.25 percentage points, from 6.75% to 6.50%.	Assess if the company has any loan transactions with the interest rate tied to the Central Bank base rate.	●	●
2	<b>Requirements for Pillar 2 Registration Form</b> An update specifies that the Pillar 2 registration form must include the identification data of the group and its members, as well as the general structure of the group and the shares in other group members.	Ensure the Pillar 2 registration form includes comprehensive identification data of the group and its members, along with the general structure of the group and the shares in other group members.	●	●
3	<b>Introduction of Qualified Domestic Top-Up Tax Advances</b> Qualified domestic top-up tax advances are introduced, requiring domestic group members to establish, declare and pay these advances by the 20th day of the 11th month following the last day of the relevant tax year. This applies starting from tax years beginning in 2024.	Adjust tax compliance processes to meet the new requirements for establishing, declaring and paying qualified domestic top-up tax advances by the specified deadline.	●	● ●
4	<b>Clarification on data source to be CbCR</b> A clarification in wording specifies that the source of certain data (e.g., for safe harbor purposes) is the country-by-country report (CbCR).	Ensure compliance with CbCR requirements as a background source for certain global minimum tax obligations.	●	●
5	<b>Formula for calculating UTPR tax in Hungary</b> Clarification of missing parts of the formula for calculating the Undertaxed Profit Rule, which is 50% of the number Of employees/net book value of tangible assets in Hungary and all UTPR countries.	Calculate UTPR tax in accordance with the clarified formula.	●	● ●



No.	Fact	Action	
6	<p><b>Statutory audit obligation threshold for net sales revenue to double</b></p> <p>For statutory audit obligations, the net sales revenue threshold doubles to HUF 600 million, while the annual average statistical headcount condition of 50 will remain unchanged.</p>	Adjust statutory audit arrangements to reflect the increased net sales revenue threshold of HUF 600 million, while maintaining the annual average statistical headcount condition of 50.	
7	<p><b>Thresholds for simplified annual accounts to increase</b></p> <p>The thresholds for drawing up simplified annual accounts are changing. The balance sheet total threshold will increase from HUF 1,200 million to HUF 2,000 million, and the annual net sales revenue threshold will increase from HUF 2,400 million to HUF 4,000 million.</p>	Prepare to utilize the new thresholds for simplified annual accounts.	
8	<p><b>Thresholds for Preparing Consolidated Annual Accounts to increase</b></p> <p>The thresholds for preparing consolidated annual accounts increases. The balance sheet total threshold increases from HUF 6,000 million to HUF 10,000 million, and the annual net sales revenue threshold increases from HUF 12,000 million to HUF 20,000 million.</p>	Adjust preparations for consolidated annual accounts to meet the new thresholds, with the balance sheet total threshold increasing to HUF 10,000 million and the annual net sales revenue threshold increasing to HUF 20,000 million.	
9	<p><b>Consequences of Non-Compliance with Financial and Reporting Obligations</b></p> <p>Failure to comply with the obligations to deposit or publish financial statements, sustainability reports, country-by-country reports, reports on payments to governments, and audit reports can lead to legal supervision proceedings. Any third party, whether a natural person, legal person, or authority, may initiate these proceedings before the court of registration, regardless of whether their legitimate interests are affected.</p>	Non-compliance with financial and reporting obligations can result in legal supervision proceedings initiated by any third party before the court of registration.	
10	<p><b>Clarification of Deferred Tax Provisions in Profit and Loss Calculation</b></p> <p>Following the introduction of the deferred tax accounting in the end of 2023, an update now clarifies that when determining the profit after tax, the appropriate effect of the deferred tax difference should be considered in addition to deducting tax liability.</p>	When determining profit after tax, ensure to consider the appropriate effect of the deferred tax difference in addition to deducting tax liability, in line with the clarified provisions.	

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	<b>Optional R+D tax relief</b>			
11	It has been clarified that the new optional R+D tax relief introduced last year, which can be converted into quasi-cash support, is clarified to apply to R+D projects started after January 1, 2024.	Review whether the company has started or planning to start R+D projects after 1 January 2024 and assess potential application of the tax relief.	●	●
	<b>Extension of film subsidy support</b>			
12	The film subsidy support system can operate in its current form for another 6 years.	Review whether the company may benefit from film subsidies.	●	
	<b>New tax-deductible benefit for sports subsidies introduced</b>			
13	A new form of benefit related to sports subsidies has been introduced, available to a wider range of beneficiaries. The grant amount can be treated as a deductible expense by the grantor, up to 1% of turnover, under certain conditions.	Evaluate eligibility for the new tax-deductible benefit related to sports subsidies, plan to manage deductions up to 1% of turnover and ensure compliance with the specified conditions.	●	●
	<b>Sport subsidies for supporting the operating costs of sport-related real estate</b>			
14	Sport subsidies are supplemented by the option support the operating costs of sports-related real estate. The amount of support cannot exceed 80% of the operating costs of the real estate, or the HUF equivalent of the notification threshold for sport subsidies as specified in the EU Commission Regulation.	Evaluate new support options and related benefits.	●	●
	<b>Retail Tax on Online Marketplace Operators</b>			
15	As of 1 January 2025, the scope of taxpayers will be expanded to include those foreign or domestic platform operators who provide a marketplace for retailers engaged in retail activities. The deadline for registration and the first advance payment is the 15th day following the commencement of the activity, which in many cases could be as early as January 15, 2025. In terms of retail activities conducted through the platform, the taxpayer will be the platform operator, not the retailer.	In case operating an online marketplace, prepare to comply with the new retail tax obligations, as the platform operator will be subject to the retail tax.	●	● ●
	<b>New U.S.-Hungary Bilateral Agreement on Country-by-Country Reporting</b>			
16	A new bilateral agreement between the U.S. and Hungary on the exchange of Country-by-Country Reporting (CbCR) as part of transfer pricing documentation is introduced through a separate bill. This new agreement is necessary due to the expiration of the previous 2018 agreement, coinciding with the termination of the double taxation convention between the two states. The content of the rules governing the exchange of information remains unchanged.	Review and approve the new U.S.-Hungary bilateral agreement on CbCR to ensure continuity in transfer pricing documentation exchange and proceed with the legislative process for its promulgation.	●	●

No.	Fact	Action	
17	<p><b>Subsequent Reduction of the VAT Base</b></p> <p>VAT base reduction is available for both contractual and statutory refunds made on or after 29 November 2024. Transitional rules apply to refunds made after 31 December 2023. Retrospective tax base reduction for post-performance discounts is allowed with receipt modification. Applies to transactions from 1 July 2025.</p>	<p>Incorporate VAT base reductions for refunds and post-performance discounts, effective from publication, with transitional rules from 31 December 2023, and applicable from 1 July 2025.</p>	● ● ●
18	<p><b>Reduced Right of Deduction for Indirect Customs Representatives</b></p> <p>As of 1 January 2025, the right of deduction for indirect customs representatives is significantly reduced. Importers must be reliable taxpayers, submit monthly VAT returns, and have unrestricted deduction rights, declared to the representative. The representative must also be a reliable taxpayer. The right of deduction still applies if the importer has an import VAT self-assessment license. This amendment affects deductions arising after 1 January 2025.</p>	<p>Ensure importers and indirect customs representatives are reliable taxpayers, with importers submitting monthly VAT returns and having unrestricted deduction rights or holding an import VAT self-assessment license.</p>	● ●
19	<p><b>Temporary Reverse Charge Mechanism for Natural Gas Sales</b></p> <p>From 1 January 2025, gas supply between taxpayer traders is subject to a reverse charge mechanism within the Community or linked networks, ending on 1 January 2027. Both parties must declare transaction data. Transitional rules apply based on transaction completion and advance payment dates.</p>	<p>From 1 January 2025, apply the reverse charge mechanism for gas supply between taxpayer traders, ending 1 January 2027, with both parties declaring transaction data and following transitional rules.</p>	● ● ●
20	<p><b>Extension of Reduced VAT Rate for Newly Built Residential Property Sales</b></p> <p>The reduced VAT rate of 5% for the sale of certain new residential properties has been extended by 2 years, making it applicable until 31 December 2026. A transitional rule allows the reduced rate to be applied until 2030 for construction works if the building permit is finalized by 31 December 2026, or if construction is notified or acknowledged by 30 September 2024 under simple notification rules.</p>	<p>Update sales and tax matters to incorporate the extended reduced VAT rate for new residential properties, ensuring compliance with the transitional rules for construction permits and notifications.</p>	● ●
21	<p><b>Tax Allowance for Employee Training with Exam Obligation</b></p> <p>Employers can claim a tax allowance for training their own employees for a maximum of 12 months per employee, with the use of the discount subject to an exam obligation.</p>	<p>Ensure compliance with the 12-month limit and exam obligation when claiming the tax allowance for employee training.</p>	● ●
22	<p><b>Quarterly Payment of Social Contribution Tax on Fringe Benefits</b></p> <p>Social contribution tax on fringe benefits and certain defined benefits is now payable on a quarterly basis.</p>	<p>Update financial and payroll systems to ensure the quarterly payment of social contribution tax on fringe benefits and certain defined benefits.</p>	● ● ●

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23	<p><b>Extended Exemption in Tax Registration Procedure for Former Members or Executive Officers</b></p> <p>The tax registration procedure exemption is extended to allow former members or executive officers of a company dissolved with tax debt to be registered as members or executive officers of a new company, provided the dissolved company settles the tax debt.</p>	Ensure that former members or executive officers of dissolved companies with tax debt are aware of the possibility to be registered in new companies upon settling the previous tax debt.	● ●
24	<p><b>Employer's Role in Obtaining Tax Identification Number for Foreign Employees</b></p> <p>If a foreign employee does not have a tax identification number, their employer may request its determination from the tax authority and report any related changes.</p>	Implement procedures for employers to request tax identification numbers for foreign employees and report any changes to the tax authority.	● ●
25	<p><b>Penalty for Employer's Failure to Report or Declare Employees</b></p> <p>If an employer fails to comply with its obligation to report or declare employees, the tax authority will issue a 15-day notice, and if the employer does not comply within this period, a default penalty of HUF 100,000 per employee will be imposed.</p>	Ensure compliance with employee reporting and declaration obligations to avoid receiving a 15-day notice and subsequent default penalties from the tax authority.	● ●
26	<p><b>Extended Filing Period for Closing Tax Return of Group Corporate Taxpayers</b></p> <p>Group corporate taxpayers will have 90 days to file their final tax return instead of the previous 30 days from the date of termination.</p>	Adjust internal processes to accommodate the extended 90-day period for filing the final tax return of group corporate taxpayers.	● ●
27	<p><b>Requirement for Hungarian Branches of Foreign Companies to Open Cash Accounts</b></p> <p>The Hungarian branch of a foreign company is required to open a cash account by 31 January 2025.</p>	Ensure that the Hungarian branch of the foreign company opens a cash account by the deadline of 31 January 2025.	● ●
28	<p><b>Legislative Tightening on Submission of Monthly Returns and Recapitulative Statements</b></p> <p>Legislative tightening stipulates that failure to submit monthly returns, and recapitulative statements may lead to the cancellation of the tax number within 90 days, instead of the previous 180 days, if the taxpayer fails to provide a replacement despite the tax authority's request.</p>	Review and enhance compliance procedures to ensure timely submission of monthly returns and recapitulative statements to avoid the risk of tax number cancellation within the new 90-day timeframe.	● ●

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29	<p><b>Tax Authority Notification of Suspected Fraudulent Business Partners</b></p> <p>The tax authority may inform a bona fide taxpayer about a suspected fraudulent business partner or distribution chain even if a violation of tax laws is only reasonably suspected, without waiting for a final decision.</p>	<p>Establish protocols to respond to notifications from the tax authority regarding suspected fraudulent business partners or distribution chains, ensuring timely and appropriate actions are taken.</p>	● ●
30	<p><b>Extension and Verification of Arm's Length Pricing Procedure</b></p> <p>The arm's length pricing procedure will be extended twice by 90 days instead of 60 days, and the tax authority may verify compliance with record-keeping, reporting, and document retention obligations, as well as the veracity and authenticity of data, through a separate 60-day compliance audit.</p>	<p>Review and adjust procedures to accommodate the extended arm's length pricing procedure timelines and prepare for potential compliance audits by the tax authority.</p>	● ●
31	<p><b>Doubling of General Default Fines and Penalties for Undeclared Employees</b></p> <p>In line with summer changes, the general default fine will be doubled to HUF 400,000 for natural persons and HUF 1 million for non-natural persons, while the penalty for employing an undeclared employee will double to HUF 2 million.</p>	<p>Review and update compliance procedures to account for the increased general default fines and penalties for employing undeclared employees.</p>	● ●
32	<p><b>Introduction of E-Cash Registers 2.0 in Conjunction with E-Receipts</b></p> <p>In connection with the introduction of e-receipts, the proposal outlines the rules for the application of e-cash registers 2.0, which will enter into force on 1 January 2025.</p>	<p>Review and implement the rules for e-cash registers 2.0 to ensure readiness for their application by 1 January 2025, in conjunction with the introduction of e-receipts.</p>	● ●
33	<p><b>Postponement of E-Receipt System Implementation and Sanctioning</b></p> <p>The entry into force of the rules related to the e-receipt system is postponed to 1 July 2025, with sanctioning postponed to 1 September 2025.</p>	<p>Adjust implementation plans and timelines to align with the new dates for the e-receipt system rules (1 July 2025) and sanctioning (1 September 2025).</p>	● ●

## Contacts:

### Vivien Toth

Manager  
Ernst & Young Consulting Ltd.  
(Hungary)

[Vivien.Toth@hu.ey.com](mailto:Vivien.Toth@hu.ey.com)

### Mark Varady

Senior  
Ernst & Young Consulting Ltd.  
(Hungary)

[Mark.Varady@hu.ey.com](mailto:Mark.Varady@hu.ey.com)



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