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highlights

New mid-year tax changes 2013 – On 22 June 2013, Act CIII of 2013 was published in the Hungarian Bulletin on the amendment of certain acts relating to the calculation of absence pay and regulation of public finances, providing for the following major changes.

New mid-year tax changes 2013: Absence pay, local business tax and accounting

On 22 June 2013, Act CIII of 2013 was published in the Hungarian Bulletin on the amendment of certain acts relating to the calculation of absence pay and regulation of public finances, providing for the following major changes.

Calculation of absence pay

Starting from 1 August 2013, regulation of the calculation of absence pay is amended: in the case of employees with monthly pay, the wage during absence does not change depending on the number of working days in the given month or the duration of absence. The employee shall be entitled to his/her monthly wage in the same amount regardless of the number of working days in the working schedule.

Local business tax - Deductibility of road toll

Starting from 1 July 2013, not only the tax paid to the local government of the registered seat or local office on temporary business activities can be deducted from the tax payable for the tax year, but also 7.5% of the road toll (payable for the use of motorways and roads proportionally with distance travelled) reported as cost and expenditure in the tax year. The amendment also states that businesses applying tax base sharing may deduce the proportional part of the deductible road tax (proportionally with the tax base) from the tax amount for the given registered office or local office, according to legal provisions.

Changes to the accounting act - Consideration adjustment

Starting from 30 June 2013, it is possible for related companies to report the follow-up consideration adjustment under Section 18 of the Corporate Tax Act (adjustment for the difference calculated based on the arm's length price and consideration applied in their contracts) in their accounting reports as a change to the initial transaction consideration i.e. adjust the consideration for their transactions to the arm's length price. These adjustments must be reported depending on the accounting treatment of the transaction: in the case of asset purchases, as part of the cost of the asset; in the case of services received, as change to the cost, expenditure reported; in the case of sales, as net sales revenue, based on **the accounting document issued for the follow-up adjustment**.

With this amendment, related companies will practically have the possibility to change the initial consideration for their assets or services sold or purchased in a given period during their normal business activity to the arm's length price, avoiding the tax base adjustment stipulated in the Corporate Tax Act.

The newsletter accurately reflects the statutory provisions as they stand at the time of its issue. The authors of the news articles have endeavoured to provide general information that both reads well and is professional. Given the general nature of the content and possible changes to legal regulations, please contact us if you require this information tailored to your personal circumstances.

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