

wts newsletter

WTS Klient.
The Bridge.

7.2016



highlights

Clarity on autumn tax law amendment proposals for company managers

In this summary we provide a brief overview of the tax law amendment proposals submitted to Parliament on 28 October.

What is changing?

A tax allowance is applicable for the installation and operation of **an investment serving energy-efficiency purposes** in the fiscal year following the installation – or in the fiscal year of the investment installation, at the taxpayer's discretion – and in the five following fiscal years. The tax allowance available shall not exceed 30% of the eligible costs of the investment at present value, including the total government aid granted for the investment, but no more than the HUF equivalent of EUR 15 million.

» » » » » » » » » »

With regard to any amount offered from a taxpayer's corporate tax for performing arts, film production and spectator team sport purposes, the taxpayer is eligible for a tax credit on its corporate tax account that is accounted for as other income. **This income is exempted from the energy supplier income tax** by the amendment.

» » » » » » » » » »

Amendments related to reliable taxpayers:

The State Tax and Customs Authority classifies any taxpayer registered in the company register or for VAT purposes as reliable if (besides meeting all other conditions) its tax performance for the reporting year is positive.

In the future, the amendment makes automatic payment relief available to reliable taxpayers not only for payment in instalments but also for deferred payments, and raising the threshold from HUF 500,000 to HUF 1.5 million the relief can be claimed by a wider range of taxpayers. The tax authority's quarterly notification service regarding the relief is to be abolished as well.

» » » » » » » » » »

Risky taxpayers: NAV categorises any taxpayer registered in the company register or for VAT purposes and not subject to insolvent or solvent liquidation as risky if their registered office is registered at a provider of registered office services, and they received a legally binding default penalty for hindering tax authority procedures in the reporting year or in any of the three prior years. The Act on the Rules of Taxation defines registered office service providers as someone who, on behalf of a taxpayer, manages the handover of business and

What is the explanation/point of the change?

An investment for energy-efficiency purposes is an investment aiming to increase energy efficiency, through which energy is saved resulting in a reduction of final energy consumption pursuant to the definitions of the Act on Energy Efficiency. The tax allowance will be available for businesses undertaking such investments. Claiming tax allowance: For investments to be launched after 1 January 2017 and all eligible costs arising thereafter.

» » » » » » » » » »

In the income tax of energy suppliers, and similarly to the regulation in corporate tax, neutrality is ensured by the exemption of tax credits accounted as other income from the energy supplier income tax, which can already be claimed for the 2016 fiscal year.

» » » » » » » » » »

The amendment rules out positive ratings for so-called "dormant" companies, and only taxpayers carrying out actual business activities may be granted reliable taxpayer status.

» » » » » » » » » »

Registered office services and using them do not conflict with any law or regulation per se, but experience drawn from audits suggests that the ratio of tax evaders is much higher among taxpayers using a registered office service, and these taxpayers are generally unwilling to cooperate with the tax authority either. The proposal also prescribes the reporting of the use of registered office services as an obligation for the user.

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.

Services of the WTS Klient Group:

- » Tax consulting
- » Consulting
- » Legal consulting
- » Accounting
- » Payroll

WTS Klient Group • Tamás Gyányi, Partner
1143 Budapest • Stefánia út 101-103. • Hungary
Telephone: +36 1 887 3700 • Fax: +36 1 887 3799
tamas.gyanyi@klient.hu • www.klient.hu

wts