

# wts newsletter

WTS Klient.  
The Bridge.

## # 3.2016



## highlights

**Planned changes to the Act on Accounting** – In addition to the tax law amendments proposed, we would like to highlight two notable changes that are planned for the Act on Accounting.

## Planned changes to the Act on Accounting

*In addition to the tax law amendments proposed, we would like to highlight two notable changes that are planned for the Act on Accounting.*

### *Accounting grant income*

The accounting of grant income received as part of tenders is to change with reference to the principle of matching. According to current practice, irrespective of the actual costs incurred that are related to the grant, recognising grants awarded to cover costs, under other income, depended on the grant being financially settled before the balance sheet preparation date. Pursuant to the proposed amendment, this income may also be recognised in the financial year if the preconditions of the grant contract are met and the costs are approved by the appropriate authority before the balance sheet preparation date. As a result, costs and other incomes from grants awarded to cover the costs may be accounted for in the same period, ensuring that the matching principle is adhered to, i.e. costs and incomes are reported in the same period, thereby not distorting the results of either year. The new practice in accordance with the amendment could be applied from 2016, presenting a more realistic picture.

### *Non-financial statements on policies relating to diversity*

Following the transposition of EU Directives, the business reports of public-interest entities above a certain size will additionally include non-financial reporting from 2017.

Enterprises falling into the category of public-interest entities will have to disclose non-financial reporting in their business reports, containing information on environmental matters, social and employee aspects, respect for human rights as well as anti-corruption and bribery information, if

a) on the balance sheet date in the two consecutive financial years preceding the financial year, two of the following three indicators exceed the given limits:

- » the balance-sheet total exceeds HUF 6,000 million,
- » annual net sales revenue exceeds HUF 12,000 million,
- » the average headcount in the financial year exceeds 250 people, and

b) the average headcount in the given financial year exceeds 500 people.

The development, performance and positioning of a company along with the impacts of its activities can be better understood through additional information.

Non-financial reporting shall at least include the following information:

- » brief description of the company's business model;
- » description of corporate policies relating to environmental matters, social and employee aspects, respect for human rights as well as anti-corruption and bribery information;
- » results of these policies;
- » sharing information about relevant major risks that could have negative impact on these fields, as well as the methods for handling such risks;
- » related, key non-financial performance indicators;
- » explanations for the lack of such policies.

Companies qualifying as subsidiaries are exempt from disclosure if the (consolidated) business report of their parent company contains the necessary information relating to the given company in the non-financial reporting section.

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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