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Tax-free payment of nursery and crèche costs by employers

Many parents going back to work wonder how much their earned income will be relative to the costs of their child's day care. From the other angle, having an employee with appropriate skills, experience and competence return to work as soon as possible can even be worth the added burden in terms of the long-term success of a company. The expansion of the scope of tax-exempt benefits available provides a more cost-effective solution for employers, an expansion that WTS Hungary partly considers to be its own success since we voiced our views on the issue at every possible decision-making forum.

The broader scope of tax-free non-monetary benefits for employers came into effect as of 1 January 2017, including the provision that besides crèche services, nursery services as well as the costs of care in both crèches and nurseries can be covered tax-free by the employer. This means that from 2017, costs of "care" and catering fall into the same assessment category in both type of institution.

This way, employers can reimburse employees' costs incurred for their children's nursery or crèche care, in whole or in part, without generating income for the employee and without having other tax liabilities, besides the actual costs covered.

Further good news for employers who wish to welcome back employees with small children into active status as soon as possible, and play an active role in doing so by establishing nursery facilities at the workplace, is the GINOP-5.3.8-16 government tender aimed at promoting the employment of such employees by supporting businesses establishing day-care facilities at work. HUF 2.8 billion would be available solely for businesses under this tender, and HUF 1.4 billion thereof is aimed specifically at small and medium-sized businesses.

The grants can amount to 100% of the total eligible costs, no less than HUF 8 million and no more than HUF 100 million. The grants qualify as non-repayable financial support.