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2019 autumn tax law amendments in Hungary

Key points for decision-makers

On 12 November, Minister of Finance Mihály Varga submitted to the Hungarian Parliament his bill for the amendment of certain laws designed to implement various tax measures under the Programme for a More Competitive Hungary. Alongside small adjustments to several types of tax we also have to gear up for structural changes, with regard to social security contributions and related contributions as well as in online data reporting. Over and above the [tax law amendments approved in the summer](#), decision makers therefore have to get ready for the following proposed changes in the 2019 autumn tax law amendments from next year:

Social security

- The fragmented system to date is being simplified in a consolidated framework of rules at the level of acts. One **standard contribution rate** (18.5%, which includes the previous individual contributions) is defined, which the insured person pays on all income forming the contribution base that is earned from a legal relationship subject to the payment of social security.
- Under the amendment, **four types of contribution will be amalgamated** into the social security contribution from 1 July 2020 (only the pension contribution will subsequently be designated separately, which must be paid on certain benefits in line with the previous rules).
- The introduction of a single rate for social security contributions will **reduce administration**, thereby helping alleviate the tax administration burden on employers.
- In some insurance categories, payment of the social security contribution will be imposed as a **new obligation**, for example in other legal relationships for work purposes, which provide eligibility for benefits.
- The income-generating activities of those [drawing a direct pension](#) are exempt from insurance and payment of contributions.

Online data reporting obligation, invoice issuing

- From 1 July 2020, data reporting at invoice level shall cover all invoices issued on transactions in Hungary for taxpayers registered in Hungary, which means **the rule that data only**

has to be provided on charged tax in invoices above a certain threshold no longer applies. Consequently, for all invoices subject to data reporting the 2019 autumn tax law amendments prescribe that they must include the first eight digits of the Hungarian-registered tax-paying partner.

- There is a **transitional rule** that states which invoices fall under the rules for the [old data reporting framework](#) (data reported for invoices with charged tax equal to or more than HUF 100,000 (roughly EUR 300)).
- The 2019 autumn tax law amendments **extend the invoicing obligation to certain tax-exempt transactions**. Such categories affected by the obligation to issue invoices are found in other education, private health-care, dental services and property sales for example, alongside various other services.
- From 1 January 2021 the data reporting obligation **shall cover invoices issued to non-taxpayers**, as well as **invoices issued on intra-Community tax-exempt goods supplies** to taxpayers. However, data does not have to be provided on invoices issued to non-taxpayers regarding transactions having a place of performance in other Member States, and where the taxpayer satisfies its tax payment obligation within the "one-stop-shop" administration system. The data reporting on invoices issued to individuals not paying tax does not include the name and address of the customer or user.
- With a view to suppressing the black economy, the 2019 autumn tax law amendments prescribe that **invoices must be issued for certain VAT-exempt transactions**, and the deadline for issuing the invoices is reduced from 15 days to 8 days.

Corporate tax top-up

→ As of 24 July 2019 the requirement to top up corporate tax advances was abolished; however, according to the transitional provision of the Act on Corporate Tax, in the 2019 fiscal year taxpayers may still do so "voluntarily". A new transitional provision clarifies the payment deadline when choosing the "**voluntary**" **top-up** option, and also determines the deadline "carried forward" for advances in the last quarter.

TAX CONSULTING

The expected amendments outlined above will affect most taxpayers in Hungary. The 2019 autumn tax law amendments specify details for various other tax types too. If you have any questions regarding the amendments, or their impact, then [our tax specialists](#) will gladly help with the answers.

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