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→ Special taxes to strengthen the state budget

In our summary, we present the main elements of the introduced special taxes, which, according to the Government Decree No. 197/2022 (4.VI.) (hereinafter: Decree) were published in the Hungarian Official Gazette No. 93 on 4. June 2022. The provisions of the Decree shall enter into force on 1. July 2022 with a few exceptions.

Increase of the company car tax

The Decree says that between 1 July 2022 and 31 December 2022 – notwithstanding Section 17/E of the Act No. LXXXII of 1991 on motor vehicle tax – the monthly company car tax rate on vehicles, based on the power of the vehicle in kilowatts and its environmental class designation, will change to the amounts in the following table:

Monthly amount of company car tax from 1 July 2022

A	B	C	D
Power (kW)	Environmental class „0"–„4"	Environmental class „1"–„10"	Environmental class „%", „14"–„15"
0-50	30.500 HUF	16.000 HUF	14.000 HUF
51-90	41.000 HUF	20.000 HUF	16.000 HUF
91-120	61.000 HUF	41.000 HUF	20.000 HUF
above 120	81.000 HUF	61.000 HUF	41.000 HUF

Monthly amount of the company car tax until 30 June 2022

A	B	C	D
Power (kW)	Environmental class „0"–„4"	Environmental class „1"–„10"	Environmental class „%", „14"–„15"
0-50	16.500 HUF	8.800 HUF	7.700 HUF
51-90	22.000 HUF	11.000 HUF	8.800 HUF
91-120	33.000 HUF	22.000 HUF	11.000 HUF
ü. 120	44.000 HUF	33.000 HUF	22.000 HUF

The other provisions of the company car tax remain unchanged.

Special tax of the retail trade

For the tax year that includes 1 July 2022, the taxpayer that performs a taxable activity based on the Act No. XLV of 2020 on the retail tax shall, by 30 November 2022, determine, pay in and declare – using the introduced form of the Tax Authority – a one-time retail surcharge equal to 80 percent of the taxable amount calculated on the basis of the calendar days of the tax year of 365 days (annualized). Thus, for the tax year 2022, the rates of the graduated retail sales tax will not be increased, but the government will increase the annual tax burden of the affected retail businesses by 80 percent. Increased tax rates have been determined for the tax year 2023.

Retail tax rates for 2022 and 2023:

Assessment basis (sales revenues)	Tax Rate Jan-June 2022	Tax Rate July–Dec. 2022	Tax rate 2023
below 0,5 billion HUF	0%	0%	0%
0,5-30 billion HUF	0,1%	0,1% + surcharge of 80%	0,15%
30-100 billion HUF	0,4%	0,4% + surcharge of 80%	1%
above 100 billion HUF	2,7%	2,7% + surcharge of 80%	4,1%

Special tax for producers of petroleum products

Producers of petroleum products are obliged to calculate and pay a special tax for the fiscal years 2022 and 2023. The assessment base of the special tax is measured by the price difference between the monthly world market price of crude oil and the quantity of crude oil in barrels purchased from the Russian Federation in the reporting month.

- According to the Decree, the difference between the world market price shall be determined based on the arithmetic average of the mid-value daily quotations (US dollars/ barrel) of Platts Crude Oil Marketwire Brent (Platts Dated Brent-PCAAS0) for the given month and the arithmetic average of the crude oil purchase prices per barrel from the Russian Federation.
- The tax rate of the special tax is 25 % on the determined difference.
- The Provisions of the Government Decree shall be applied for the entire fiscal year beginning after 31. December 2021 – which includes 1. July 2022.

Amendment to the bank tax

Credit and financial institutions falling under the provisions of Act No. CCXXXVII of 2013 on credit institutions and financial enterprises are obliged to determine and pay a special tax for the tax years 2022 and 2023 by way of self-returns:

- The assessment base shall be the net income resulting from the tax assessment base – pursuant to the Local Taxes Act – of the tax year preceding the tax year.
- The rate of the special tax is 10 % in 2022 and 8 % in 2023.
- The Provisions of the Government Decree shall be applied for the entire fiscal year beginning after 31. December 2021 – which includes 1. July 2022.

Special tax / contribution of airlines

Air passenger transport activities are obliged to pay the special tax in accordance with the Act No. XCVII of 1995 on Aviation (hereinafter: Lt. Act). The organizations providing ground handling services in accordance with the provisions of the Lt. Act are obliged to pay the contribution. The contribution is calculated according to the number of passengers – except for transit passengers – served by the ground handling personnel.

Amount of contribution.

a. if the final destination of the passenger is in the European Union or another designated country, HUF 3,900 per passenger,
b. HUF 9,750 per passenger flying to countries other than those mentioned in (a) as the final destination.

The contribution shall be determined and declared based on a self-assessment for the number of departing passengers whose departure date falls within the relevant reporting period. The Taxpayer shall submit the tax return by the 20th day of the month following the respective month on the electronic form provided by the National Tax and Customs Administration for this purpose.

Special tax on wholesale of medicinal products

Notwithstanding Act No. XCVIII of 2006 on the safe and economical supply of medicinal products and medical devices and on the general rules for the distribution of medicinal products of Section 36 Subsection 1 of the Medicinal Products Act, in 2022 and 2023, the wholesaler of medicinal products shall pay a special tax (subject to certain exceptions), which shall be determined based on the social security subsidy in relation to the cost prices / consumer prices.

Applicable tax rates:

- 20 % for medicinal products with cost prices up to 10.000 HUF,
- 28 % for medicinal products with a cost price above 10.000 HUF (previously, a rate of 20 % also applied here).

This is therefore a tax increase in relation to the previous decree. The amended decree applies for the first time to the payment obligation due by 20. July 2022.

Special tax of telecommunication companies

In addition to the tax payment obligation under Act LVI of 2012 on the Telecommunication Tax, persons providing communication services in Hungary are required to pay a special tax pursuant to Section 188 Subsection 16 of the Act No. C of 2003 on Electronic Communications after the fiscal year that include 1 July 2022 and for the fiscal years that begin in 2023. The tax base of the additional tax shall be the sales revenue determined pursuant to Act No. C of 1990 on local taxed and communication services of the companies.

Amount of the special tax

- 0 percent for the part not exceeding 1 billion HUF,
- 1 percent for the part that is between 1 billion HUF and 50 billion HUF,
- 3 percent for the part that exceeds 50 billion HUF and does not exceed 100 billion HUF,
- 7 for the part exceeding 100 billion HUF.

Modification of the special taxes on certain food products

Contrary to Section 6 of the Act No. CIII of 2011 on the tax on products in the interest of public health, the amount of product-related taxes is replaced by those indicated in the table in Annex No. 2 of the decree.

Some examples of the tax amount modifications:

- Tax on flavored beer: tax rate increase from HUF 25/liter to HUF 33/liter (product category: if the sugar content of the flavored beer exceeds 5 grams of sugar/100 milliliters).
- The tax rate for salty snack products is increased from HUF 300/kg to HUF 390/kg (product category: if the salt content of the product exceeds 1 gram of salt/100 grams, or

the saturated fat content of the product exceeds 2 grams / 100 grams).

The decree extends the scope of application of the tax to several new product groups, so the products "delicatessen" and "pre-packaged sweet and sour pasta" were newly included. As with the other product groups, the range of new taxable products is determined by the tariff classification and the salt and sugar content.

Changes in excise taxes

The decree lists the product groups affected and the changes in the tax rate in relation to what is stated in Act No. LXVIII of 2016 on Excise Tax (hereinafter: Jöt.).

Examples of tax rate changes:

- Notwithstanding Section 110 Subsection 1 lit. d) Jöt., the tax rate for heating oil when sold or used as fuel is HUF 5,375 per thousand kilograms (currently HUF 4,655).
- Notwithstanding Section 110 Subsection 1 lit. e) Jöt., the tax rate for liquid gas when sold or used for motor purposes is HUF 14,685 per thousand kilograms (currently HUF 12,725 per thousand kilograms).
- Notwithstanding Section 125 Subsection 2 lit. b) Jöt., the tax rate for beer produced in breweries is HUF 1,800/hectoliter/actual alcohol content (currently HUF 1,620). Separate tax rates apply to microbreweries.
- Notwithstanding Section 145 Subsection 2 lit. a) Jöt., the tax rate for cigarettes in the period from 1 July 2022 to 31 December 2022 shall be HUF 27,800/thousand and 23.5 percent of the retail price, but not less than HUF 40,800/thousand pieces, and from 1 January 2023 HUF 29,500/thousand pieces and 24 percent of the retail price, but not less than HUF 41,800 per thousand pieces (currently HUF 26,000/thousand pieces and 23 percent of the retail price, but not less than HUF 39,300/thousand units).
- Notwithstanding Section 145 Subsection 2 lit. a) Jöt., the tax rate for nicotine-containing smoking substitutes for the period from 1 July 2022 to 31 December 2022 shall be HUF 24,780/kg and from 1 January 2023 shall be HUF 25,960/kg (currently HUF 23,600/kg).

Taxation of temporary employment

Notwithstanding Section 8 Subsection 2 of the Act No. LXXV of 2010 on Temporary Employment of Employees, the following levies apply:

Type of employment	Previous tax amount	New tax amount
Seasonal activity in agriculture	500 HUF	1,000 HUF
Seasonal activity in the tourism industry	500 HUF	1,000 HUF
Other seasonal activity	1,000 HUF	2,000 HUF
Extras in the film industry	4,000 HUF	6,000 HUF

The government decree links the new tax amount to the minimum wage, so the tax payable per day of employment is expected to increase from 1 January 2023 significantly increasing employees' pension eligibility for this form of employment.

Increase of the financial transaction fee

The decree stipulates that the transaction fee will be 0.3 percent of the tax base, but not more than HUF 10,000 per payment transaction (the maximum was previously HUF 6,000).

According to the government decree, in derogation from Act CXVI of 2012 on the Financial Transaction Tax, this decree also applies to persons providing payment services, credit and money lending, money exchange and money exchange intermediation services as cross-border services in Hungary. The decree extends the obligation to pay the transaction fee to securities trading. The fee is payable when a customer acquires securities; no fee is payable when a customer sells securities.

Special tax for insurance companies

Insurance companies according to the Act No. CII of 2012 on insurance tax (hereinafter: Biza. Act) shall pay a special tax for the period from 1 July 2022 to 31 December 2023.
The basis of the special tax is:

- Insurance relations pursuant to the Biza Act. as well as,
- Insurance services belonging to the insurance lines pursuant to Annex No. 2 of the Act No. LXXXVIII of 2014 on insurance activities (hereinafter Bizta Act.).

Tax assessment base and tax rates

Tax assessment base 2022	Tax rate 2022 (for period July–Dec.)	
	tax assessment base for „Biza”	tax assessment base for „Bizta”
below 1 billion HUF	4%	2%
1-18 billion HUF	8%	3%
above 18 billion HUF	14%	6%

Tax assessment base 2023	Tax rate 2023	
	tax assessment base for „Biza”	tax assessment base for „Bizta”
below 2 billion HUF	2%	1%
2-36 billion HUF	4%	1,5%
above 36 billion HUF	7%	3%

Change in mining fees

Notwithstanding Section 20 Subsection 3 lit. a), b) and c) of the Act on Mining (Act No. XLVIII of 1993), the fees will change in 2022 and 2023 for the approved and extracted raw materials, as well as penalties will be introduced if the extracted quantities do not reach the approved level.

Special tax on energy producers

The decree requires the declaration and payment of a new special tax by self-declaration – except for power plant operators whose energy output is less than 0.5 MW – by

- energy produces that are entitled to mandatory purchase according to Government Decree No. 389/2007 (23. XII) on the mandatory purchase and purchase price of electricity generated from renewable energy sources or waste and on cogeneration (hereinafter: KÁT Decree).
- energy producers entitled to mandatory purchase under the Government Decree No. 299/2017 (17.X.) on mandatory purchase and premium support for electricity generated from renewable energy sources (hereinafter: METÁR Decree), and
- an energy producer entitled to the green premium type of subsidy covered by the METÁR decree, if the contract under the KÁT Decree required to apply for the premium subsidy or the green premium subsidy terminates in the 2022 or 2023 fiscal year, or if the producer will commence commercial operation in the 2022 or 2023 fiscal year but does not enter into the required contract for membership, premium subsidy or green premium subsidy under the KÁT Decree.

For electricity generated from solid biomass, the producer shall be exempt from the obligation to pay the tax under this decree. Details on the assessment base of the special tax are included in Section 3 Subsection 3 of the Government Decree No. 197/2022 (4.VI). The tax rate is 65 %.

Income tax of energy suppliers

The group of taxpayers in this category has been expanded to include producers of bioethanol, starch and starch products, and sunflower oil. The group of new taxpayers is determined based on the TEÁOR number (activity code) and the tariff number of manufactured products. With some exceptions, manufacturers are generally subject to the income tax rules for energy suppliers. The tax base is generally the adjusted profit before tax and the tax rate is 31 %.

The affected companies must make an advance tax payment based on the tax expected to be paid for the tax year 2022, just as monthly payments are to be made for the tax year 2023. The payment obligation applies for the first time to the entire tax year beginning after 31 December 2021, which includes 1 July 2022.

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