

## Current Tax System

Serial Number	Taxes	Taxpayers	Objects of Taxation ( Base of Taxation )	Tax Rates
1	VAT	Any person or organization having the capacity to perform legal acts, in its own name, carries out economic activity in any place, whatever the purpose or results of that activity.	Supplies of goods and services that are VATable	Standard rate: 27%; Reduced rates: 5% and 18% and 0%
2	Customs Duty	The person/entity making a customs declaration in his own name or the person/entity in whose name a customs declaration is made is liable for payment of the customs debt.	Movement of goods between EU and non-EU countries	The applicable customs duty rate varies based on the customs tariff number of the goods. Please use the following link to define the customs duty rate of the goods based on their customs tariff number: <a href="http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en&amp;Taric=&amp;MinCharFts=3&amp;EndPub=&amp;MeasText=&amp;Area=&amp;callbackuri=CBU-0&amp;Regulation=&amp;LangDescr=&amp;MeasType=&amp;SimDate=20170816&amp;StartPub=&amp;LastSelectedCode=&amp;OrderNum=&amp;GoodsText=&amp;Level=&amp;Expand=false">http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en&amp;Taric=&amp;MinCharFts=3&amp;EndPub=&amp;MeasText=&amp;Area=&amp;callbackuri=CBU-0&amp;Regulation=&amp;LangDescr=&amp;MeasType=&amp;SimDate=20170816&amp;StartPub=&amp;LastSelectedCode=&amp;OrderNum=&amp;GoodsText=&amp;Level=&amp;Expand=false</a>
3	Corporate Income Tax	Resident Companies: A company not incorporated in Hungary that has its place of effective management in Hungary	Worldwide profits	9%
		Nonresident Companies: A company does not have an effective place of management in Hungary	Hungarian-source income only, including capital gains derived from specified transactions	9%

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4	Individual Income Tax	Resident taxpayers: 1) Hungarian citizens 2) European Economic Area (EEA) nationals who spend at least 183 days per calendar year in Hungary, 3) Third-country (non-Hungarian and non-EEA) nationals who has permanent residence status, or is a stateless person with a permanent residence permit 4) Foreign individuals who have a permanent home in Hungary only	Worldwide income, regardless of whether the funds are transferred into Hungary	15%
		Non-resident taxpayers: 1) tax residency cannot be determined by either the “permanent home test” or the “center of vital interest test,” 2) Individuals who stays in Hungary for less than 183 days in the calendar year.	Income from Hungarian sources only	
5	Local business tax	Entrepreneurs carry on business activities within the territory of the municipality	The net sales revenue (excluding royalties, excise duties, registration tax and energy tax) decreased by the acquisition costs of goods sold, costs of mediated services, costs of subcontracting and material costs as well as the direct costs of basic research, applied research and experimental development, attributable to the business activity carried on within the territory of the municipality.	The maximum tax rate, which can be levied by a municipality is 2%.
6	Innovation Contribution	Resident business associations	Same as "Local business tax"	0,3% of the calculation base (net sales revenue - certain deductions)
7	Gift tax	Gift tax applies to the donation of immovable property and rights thereon situated in Hungary. Besides movable property transferred domestically, such as a valuable painting or car.	Net value of the gift, i.e., the gross value reduced by any debts	The general rate of gift tax is 18%. Residential property and rights with monetary value thereon are subject to a 9% gift tax rate.

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8	Transfer tax	Immovable property: the person who acquires the property (the transferee)	Fair market value of the immovable property acquired	<p>The rate of transfer tax is 4%. In relation to real estate, a progressive scale applies whereby the tax rate is 4% up to the fair market value of HUF 1 billion of each real estate asset and 2% on any excess. The tax is capped at HUF 200 million per real estate asset.</p> <p>In relation to vehicles and trailers, the tax rate schedule is based on the registered kW capacity and the manufacturing date of the vehicles and trailers.</p>
		Shares, bonds and other securities: the person who acquires Shares, bonds and other securities	The acquisition of shares and securities for consideration is not subject to transfer tax, unless acquired at an auction organized by a public body for the acquisition of shares in a real estate holding company.	
		Other (transfer tax on assets other than immovable property and securities): the person who acquires vehicles and trailers as well as the rights with monetary value relating to vehicles and trailers.	Fair market value	
9	Green tax	<p>1. The first distributor of the products on the Hungarian market, or the first user for own purposes.</p> <p>2. The first buyer of the products in the case of lubricants and other petroleum products produced in Hungary.</p> <p>3. With regard to contract manufacturing, the contract manufacturer that orders the manufacture of products.</p> <p>4. With regard to paper advertising media printed in Hungary, the press company.</p>	Net weight (in kg) of the products	The tax rate is determined in HUF/kg and vary between HUF 19/kg – HUF 1,900/kg (approximately between EUR 0.05 and 5/kg).
10	Snack tax, i.e. Public Health Product Tax	Seller who first sale of the taxable goods where the place of supply in Hungary.	Soft drinks; Energy drinks; Pre-packaged sugared snacks; Salted snacks; Salted seasonings; Flavored beer; Long drinks; Jams; Alcoholic beverages	certain amount HUF / unit (i.e. liter or kilogram) [varying between HUF 8 and 780 depending on product classification]