

Hungary

Table HU.1: Tax Revenue

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Ranking 2019	Revenue 2019 (billion euros)
A. Structure by type of tax															
as % of GDP															
Indirect taxes	15.9	15.7	16.5	17.4	17.3	18.7	18.7	18.6	18.8	18.2	18.0	18.2	18.1	3	26.4
VAT	7.8	7.6	8.3	8.5	8.3	9.1	8.9	9.2	9.5	9.1	9.2	9.5	9.5	2	13.9
Taxes and duties on imports excluding VAT	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	17	0.2
Taxes on products, except VAT and import duties	7.0	7.1	7.1	7.2	7.2	7.7	7.6	7.2	7.1	7.0	6.7	6.6	6.4	1	9.3
Other taxes on production	0.9	0.9	1.0	1.6	1.6	1.8	2.1	2.0	2.1	1.9	2.0	1.9	2.1	9	3.0
Direct taxes	10.1	10.3	9.6	7.8	6.2	6.8	6.6	6.7	6.8	7.3	7.2	6.6	6.7	24	9.7
Personal income taxes	7.1	7.5	7.2	6.3	4.8	5.2	5.0	4.9	4.9	4.8	5.0	5.1	5.1	21	7.5
Corporate income taxes	2.7	2.6	2.1	1.1	1.1	1.3	1.2	1.5	1.6	2.1	1.8	1.2	1.2	26	1.7
Other	0.3	0.3	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	23	0.5
Social contributions	13.4	13.4	12.8	11.7	12.8	13.6	13.3	13.2	13.2	13.7	12.7	12.1	11.7	14	17.1
Employers'	9.5	9.5	9.0	7.6	7.7	8.1	7.9	7.9	7.9	8.3	7.0	6.3	5.9	13	8.7
Households'	3.9	3.8	3.8	4.2	5.2	5.5	5.5	5.3	5.3	5.4	5.7	5.8	5.8	12	8.4
Less: capital transfers (1)	:	:	:	:	:	:	:	:	:	:	:	:	:		
Total	39.4	39.4	38.9	36.9	36.4	39.1	38.6	38.5	38.8	39.2	38.0	36.9	36.5	14	53.3
B. Structure by level of government															
as % of total taxation															
Central government	57.1	61.8	62.3	62.8	59.2	59.5	59.7	60.4	60.2	59.9	61.8	61.4	62.6	14	33.3
State government (2)	:	:	:	:	:	:	:	:	:	:	:	:	:		
Local government	11.1	6.4	6.7	6.5	6.5	6.1	5.8	5.5	5.7	5.7	5.7	5.8	5.8	14	3.1
Social security funds	31.3	31.3	30.6	30.4	34.0	34.1	34.3	33.7	33.7	34.1	32.1	32.3	31.1	12	16.6
EU institutions	0.5	0.5	0.4	0.3	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	16	0.2
C. Structure by economic function															
as % of GDP															
Consumption	13.9	13.6	14.4	14.1	14.0	15.2	15.9	15.9	16.1	15.6	15.5	15.7	15.6	2	22.8
Labour	19.4	20.1	18.7	17.3	17.1	18.4	18.0	17.7	17.7	18.2	17.5	16.9	16.7	16	24.3
of which on income from employment	18.8	19.3	18.2	16.9	16.8	18.1	17.8	17.6	17.6	18.0	17.4	16.8	16.5	11	24.2
Paid by employers	9.7	9.8	9.2	8.0	8.1	8.7	8.4	8.5	8.4	8.8	7.7	6.9	6.6	14	9.7
Paid by employees	9.0	9.5	9.0	9.0	8.7	9.5	9.4	9.2	9.1	9.2	9.7	9.8	9.9	12	14.5
Paid by non-employed	0.6	0.8	0.4	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	23	0.2
Capital	6.1	5.7	5.9	5.5	5.3	5.5	4.7	4.9	5.0	5.4	5.0	4.3	4.2	23	6.1
Income of corporations	2.7	2.6	2.2	1.2	1.2	1.3	1.3	1.6	1.7	2.3	2.0	1.3	1.3	26	1.9
Income of households	0.7	0.4	1.0	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	17	0.8
Income of self-employed	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7	18	1.0
Stock of capital	2.0	2.1	2.1	3.1	3.1	3.2	2.4	2.3	2.3	2.1	2.0	1.8	1.7	11	2.5

Table HU.1: Tax Revenue (continued)

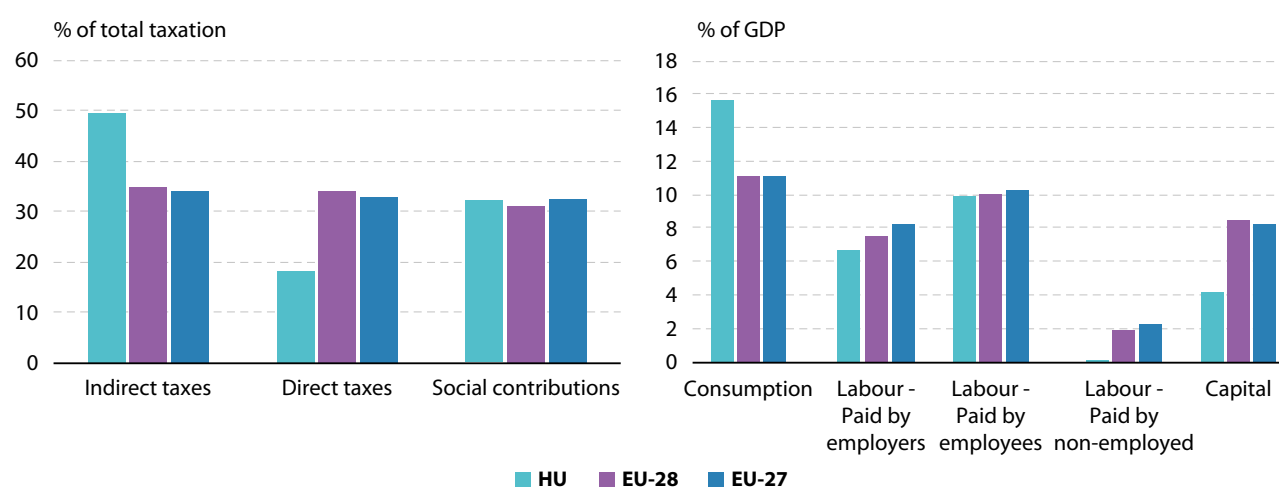
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Ranking 2019	Revenue 2019 (billion euros)
D. Environmental taxes	as % of GDP														
Environmental taxes	2.8	2.7	2.6	2.6	2.5	2.5	2.4	2.4	2.5	2.5	2.4	2.3	2.3	19	3.3
Energy	2.0	2.0	2.0	2.1	2.0	1.9	1.8	1.8	1.9	1.9	1.8	1.7	1.7	18	2.5
of which transport fuel taxes	1.6	1.7	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.5	12	
Transport	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	16	0.4
Pollution and resources	0.14	0.16	0.17	0.10	0.09	0.23	0.21	0.21	0.25	0.25	0.26	0.24	0.23	3	0.3
E. Property taxes	as % of GDP														
Taxes on property	0.8	0.8	0.8	1.1	1.1	1.2	1.3	1.3	1.3	1.1	1.1	1.0	1.0	18	1.4
Recurrent taxes on immovable property	0.2	0.3	0.3	0.3	0.3	0.4	0.6	0.5	0.5	0.5	0.5	0.5	0.4	17	0.6
Other taxes on property	0.5	0.6	0.5	0.8	0.8	0.8	0.7	0.7	0.8	0.6	0.6	0.5	0.5	17	0.8
F. Implicit tax rates	%														
Consumption	21.4	20.9	21.7	21.6	21.6	23.2	24.8	25.6	26.3	25.4	25.0	26.0	25.8	1	
Labour	40.8	42.3	40.3	38.6	38.3	40.2	40.1	40.6	41.4	41.4	39.6	38.9	39.4	7	
G. Payable tax credits	as % of GDP														
Total payable tax credits	:	:	:	:	:	:	:	:	:	:	:	:	:	:	
Tax expenditure component	:	:	:	:	:	:	:	:	:	:	:	:	:	:	
Transfer component	:	:	:	:	:	:	:	:	:	:	:	:	:	:	
Total tax revenue adjusted for payable tax credits	:	:	:	:	:	:	:	:	:	:	:	:	:	:	

(¹) Representing taxes assessed but unlikely to be collected.

(²) This level refers to the *Länder* in Austria and Germany, the *gewesten and gemeenschappen / régions et communautés* in Belgium, and the *comunidades autónomas* in Spain.

Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

Figure HU.1: Tax revenues by main taxes, 2019
(in % of total taxation (left graph) and in % of GDP (right graph))



Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

Table HU.2: Latest tax reforms

Description of measure	Change	Date
Social security contributions: Employee		
Sectors that were severely hit by the pandemic (e.g. tourism, restaurants, entertainment venues, sports, cultural services, transportation) was exempted from paying employees' SSC-s until the end of June 2020.	Rate decrease; base decrease	Announcement: 18-03-2020 Legislation: 18-03-2020 In force from: 19-03-2020
Social security contributions: Employer		
Businesses in certain sectors (e.g.: catering, leisure and sports activities) are exempted from paying employers' contributions from November 2020 - February 2021. And small businesses (in these sectors) under the KIVA regime may deduct personnel costs from their tax base.	Rate decrease; base decrease	Announcement: 10-11-2020 09-12-2020 22-12-2020 Legislation: 10-11-2020 09-12-2020 22-12-2020 In force from: 11-11-2020 10-12-2020 23-12-2020
Sectors that were severely hit by the pandemic (e.g. tourism, restaurants, entertainment venues, sports, cultural services, transportation) was exempted from paying employers' SSC-s until the end of June 2020.	Rate decrease; base decrease	Announcement: 18-03-2020 Legislation: 18-03-2020 In force from: 19-03-2020
Employers' SSC were cut by further 2 percentage points from 17.5% to 15.5% from 1 July 2020.	Rate decrease	Announcement: 03-06-2020 Legislation: 09-06-2020 In force from: 01-07-2020
Fringe benefits (cafeteria) provided on SZÉP card are temporarily exempt from SCT, until Q3 of 2021	Rate decrease; base decrease	Announcement: 21-04-2020 Legislation: 21-04-2020 In force from: 22-04-2020
Social security contributions: Self-employed		
Tax holiday for small businesses under the simplified, small business oriented tax regime (lump-sum KATA) in 26 activities (e.g. personal transport services, beauty services, dental services, accommodation etc.), for the months March, April, May and June 2020.	Rate decrease; base decrease	Announcement: 18-03-2020 Legislation: 18-03-2020 In force from: 19-03-2020
The regulation of the lump sum tax of small enterprises will be modified in order to prevent the harmful practice of sourcing employment contracts into the preferential regime.	Rate increase; base increase	Announcement: 03-06-2020 Legislation: 14-07-2020 In force from: 01-01-2021
Corporate income tax		
Abolition of the ceiling (50% of pre-tax profit) of development reserve (which could be applied to 2019 tax year too)	Base decrease	Announcement: 30-04-2020 03-06-2020 Legislation: 30-04-2020 10-05-2020 In force from: 15-05-2020
Abolition of the ceiling (HUF 10 billion) of development reserve	Base decrease	Announcement: 17-11-2020 Legislation: 26-11-2020 In force from: 01-01-2021
Other corporate taxes		
Increasing the eligibility criteria of small business tax (businesses with revenues below HUF 3 billion are eligible for small business tax instead of HUF 1 billion).	Base increase	Announcement: 17-11-2020 Legislation: 26-11-2020 In force from: 01-12-2020
Taxpayers of small business tax, which carry activity in certain sectors most affected by Coronavirus, shall not consider the amount of personal payments as small business tax base determining the small business tax liability for March, April, May and June 2020.	Base decrease	Announcement: 23-03-2020 Legislation: 23-03-2020 In force from: 24-03-2020
Rate of small business tax will be reduced by 1 percentage points in 2020 (from 12% to 11%) in accordance with the decreasing of Social Contribution Tax.	Rate decrease	Announcement: 21-04-2020 03-06-2020 Legislation: 21-04-2020 09-06-2020 In force from: 01-01-2021
Municipalities are not allowed to raise tax rate of local taxes, introduce new local taxes, or abolish tax credits or tax exemptions	Neutral	Announcement: 01-12-2020 Legislation: 01-12-2020 In force from: 02-12-2020
In 2021 the maximum local business tax rate is 1% for the SME companies (whose income or balance sheet total lower than HUF 4 billion)	Rate decrease	Announcement: 22-12-2020 Legislation: 22-12-2020 In force from: 23-12-2020

Table HU.2: Latest tax reforms (continued)

Description of measure	Change	Date
Value-added tax		
Decreasing VAT rate to 5% (from 27%) on new built houses/dwellings until 2022 as part of Family Housing Subsidy Programme (transitional rules until 31.12.2026) (contains the fiscal impact of decrease of VAT rate on residential properties to be constructed in brownfield sites, as well)	Rate decrease	Announcement: 01-12-2020 Legislation: 11-12-2020 In force from: 01-01-2021
If the local municipality is liable to pay VAT, the assessment period for the VAT return is the calendar year. (The annual tax payment affects a VAT liability of approximately HUF 80-81 billion. The time-proportional part of this could result in a loss of about HUF 60 billion for the budget for March-December, assuming an even distribution within a year in 2020)	Neutral	Announcement: 05-04-2020 Legislation: 05-04-2020 In force from: 06-04-2020
The VAT rate of take-away food and drinks has been lowered to 5% (from 18%) from 11 November 2020 until the end of the curfew	Rate decrease	Announcement: 13-11-2020 Legislation: 13-11-2020 In force from: 14-11-2020
Health-related taxes		
Introduction of an inflation targeting mechanism into the minimum health security contribution	Rate increase; base increase	Announcement: 03-06-2020 Legislation: 14-07-2020 In force from: 01-01-2020
Employers are obligated to pay the minimum health security contribution for each worker on unpaid leave in order to maintain their social security contracts.	Rate increase; base increase	Announcement: 21-04-2020 Legislation: 21-04-2020 In force from: 22-04-2020
Other excise duties		
From 2021 a limited volume of fruit spirits is exempt from excise duty (alcohol production duty).	Base decrease	Announcement: 17-11-2020 Legislation: 26-11-2020 In force from: 01-01-2021
The excise duty rates on tobacco products have been increased in 2 steps (in the case of some other tobacco products in one step, in January)	Rate increase	Announcement: 17-11-2020 Legislation: 26-11-2020 In force from: 01-01-2021
Estate duties/inheritances/gift taxes		
Duties on inheritance and gifts will not be charged on transactions between siblings.	Rate decrease; base decrease	Announcement: 16-06-2020 Legislation: 23-06-2020 In force from: 08-07-2020
Transaction taxes (movable and immovable property)		
Buying houses or apartments will be exempted from transfer fees on new dwelling purchases within the framework of the family housing subsidy programme.	Rate decrease; base decrease	Announcement: 17-11-2020 Legislation: 26-11-2020 In force from: 01-01-2021
Recurrent taxes on (net) wealth		
Motor vehicle tax will be reallocated from local governments (municipalities) to the Epidemic Control Fund. The measure is budget neutral.	Neutral	Announcement: 06-04-2020 Legislation: 06-04-2020 In force from: 07-04-2020
Other taxes		
Holders of a tax warehouse permit can produce disinfectant free of excise duty without denaturing, with a simple notification, in possession of a temporary biocidal product permit. (In the period of state of emergency)	N/A	Announcement: 03-04-2020 Legislation: 03-04-2020 In force from: 04-04-2020
Initial administrative procedures - such as providing suitability certificate for business establishments, to certify marriage or registered partnership as well as members living in a household and residence status for citizens, etc. - will be exempted from paying any fees.	Rate decrease; base decrease	Announcement: 17-11-2020 Legislation: 26-11-2020 In force from: 01-01-2021
Introduction of a special retail tax. The tax is base is the net turnover.	New tax	Announcement: 14-04-2020 03-06-2020 Legislation: 14-04-2020 09-06-2020 In force from: 01-05-2020
Suspension of tourism development contribution concerning the period from 1 March 2020 to 23 February 2021 (until the end of the state of emergency) and the fiscal impact of the coronavirus pandemic on the revenue from tourism development contribution	Base decrease	Announcement: 18-03-2020 17-06-2020 29-12-2020 Legislation: 18-03-2020 17-06-2020 29-12-2020 In force from: 19-03-2020 18-06-2020 01-01-2021

Table HU.2: Latest tax reforms (continued)

Description of measure	Change	Date
Suspension of tourism tax between April 2020 and 23 February 2021 (end of the state of emergency)	Rate decrease	Announcement: 21-04-2020 29-12-2020 29-01-2021 Legislation: 21-04-2020 29-12-2020 29-01-2021 In force from: 26-04-2020 01-01-2021 08-02-2021
Introduction of special tax on credit institutions. This one-off tax is based on the system of the bank levy, and credit institutions may deduct the amount so paid from their tax obligations in the next 5 years in equal instalments.	New tax	Announcement: 14-04-2020 03-06-2020 Legislation: 14-04-2020 09-06-2020 In force from: 01-05-2020