

HUNGARY

As per 1 January 2017

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	Flat tax rate: 15%
Tax period	Calendar year
Tax residency / Domicile according to domestic law	Hungarian citizen. Present for more than 183 days in a calendar year in Hungary. Others: permanent home in Hungary, centre of vital interests in Hungary or habitual abode in Hungary.
Tax registration	Before the first day of payment the individual needs to apply for a Hungarian tax ID number. This is needed to pay either the personal income tax on a quarterly basis in the case of a foreign employment agreement or by means of monthly withholding in the case of a Hungarian employer. The Hungarian Act on Labor Law prescribes a registration and reporting obligation on companies located within the EEA posting (assigning) their employees to Hungary in order to provide services. It is also applicable if companies post (assign) employees to their Hungarian branch or subsidiary.
Employment income definition	Any remuneration and benefits in cash or in kind Income of private individuals from an employment relationship (including relationships which are treated as an employment relationship under foreign law).
Examples of tax exemption	Housing cost of the individuals on assignment in Hungary borne by the foreign entity. Travel and accommodation cost relating to business trips. Use of company car also for private purposes.
Specific expatriate concession	Not applicable
Income of board members	Treated as employment income
Tax returns	Local employment agreement: the employer is liable for the monthly tax compliance Foreign employment agreement: the individual has to prepare and submit by 20th May of the following year a year- end tax return on income earned during the tax year.
Tax payments	Local employment agreement: the employer (as a payer) is obliged to deduct and pay personal income tax on a monthly basis (12th of the following month). Foreign employment agreement: the advance personal income tax is payable on a quarterly basis due before the 12th of the month following the quarter in which the income was paid.

TAX TREATIES

Employment income / income from board members	Art 15/16 OECD Model Tax Convention
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	EU Regulation No 883/2004 and EU regulation No. 1408 / 71.
Exception under Art 16 of Reg. 883/2004	

and Art 17 of Reg. 1408/71	Generally applicable
Social Security Cost as % from gross salary and absolute amounts	<p>Payable by the individual on the gross salary:</p> <ul style="list-style-type: none"> - 10% Pension contribution; - 7% Health Care contribution; - 1.5 % Labour Market contribution. <p>Payable by the employer on gross salary:</p> <ul style="list-style-type: none"> - 22% Social Contribution tax; - 1.5% Vocational Training contribution (only for Hungarian companies).
IMMIGRATION	
Work permit	<p>EU and EEA nationals do not need a work permit to work in Hungary. However, the Labour Office needs to be informed about the employment.</p> <p>Non – EU and EEA nationals need to obtain a residence and work permit.</p>
Visa	<p>EU and EEA citizens do not need a visa to enter Hungary.</p> <p>Third country nationals from particular countries may be obliged to apply for a visa before entering Hungary.</p>
Residence permits / Registration card	<p>Third country nationals need to have a residence permit for the purpose of employment in order to work in Hungary.</p> <p>EU and EEA nationals need to obtain a registration card if their stay in Hungary exceeds three months.</p>
Driving license	<p>A foreign driving licence is valid for one year from the first day of the individual's stay in Hungary. After one year it needs to be replaced by a Hungarian driving licence.</p> <p>The driving licence issued in EEA countries are valid as regular. If it does not contain an expiry date it has to be replaced after a two-year stay by a Hungarian driving licence.</p>
STOCK OPTION PLAN	Tax treatment depends upon the conditions of the Stock Option Plan.



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