

Hungary

Table HU.1: Tax Revenue

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Ranking 2018	Revenue 2018 (billion euros)
A. Structure by type of tax															
as % of GDP															
Indirect taxes	15.1	15.9	15.8	16.5	17.5	17.5	18.8	18.8	18.7	18.9	18.4	18.2	18.6	3	24.8
VAT	7.4	7.8	7.6	8.3	8.5	8.4	9.1	8.9	9.2	9.5	9.2	9.3	9.7	4	12.9
Taxes and duties on imports excluding VAT	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	16	0.2
Taxes on products, except VAT and import duties	6.9	7.1	7.2	7.2	7.3	7.3	7.7	7.7	7.3	7.2	7.1	6.8	6.8	1	9.0
Other taxes on production	0.7	0.8	0.8	1.0	1.6	1.6	1.8	2.1	2.0	2.0	1.9	2.0	1.9	10	2.6
Direct taxes	9.2	10.1	10.3	9.6	7.8	6.3	6.8	6.6	6.7	6.9	7.3	7.3	6.7	24	9.0
Personal income taxes	6.6	7.1	7.5	7.2	6.4	4.8	5.2	5.0	4.9	4.9	4.8	5.0	5.2	21	6.9
Corporate income taxes	2.3	2.7	2.6	2.1	1.1	1.1	1.3	1.2	1.5	1.6	2.1	1.9	1.2	27	1.6
Other	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	24	0.5
Social contributions	12.2	13.4	13.4	12.8	11.8	12.9	13.7	13.3	13.2	13.2	13.8	12.9	12.3	12	16.4
Employers'	9.2	9.5	9.5	9.0	7.6	7.7	8.1	7.9	7.9	7.9	8.3	7.1	6.4	12	8.6
Households'	3.0	3.9	3.8	3.8	4.2	5.2	5.5	5.5	5.3	5.3	5.5	5.8	5.9	11	7.8
Less: capital transfers ⁽¹⁾	:	:	:	:	:	:	:	:	:	:	:	:	:		
Total	36.5	39.4	39.5	39.0	37.2	36.6	39.2	38.7	38.6	39.0	39.5	38.4	37.6	14	50.2
B. Structure by level of government															
as % of total taxation															
Central government	57.5	57.2	61.9	62.3	62.9	59.2	59.6	59.7	60.4	60.3	59.9	61.9	61.5	14	30.9
State government ⁽²⁾	:	:	:	:	:	:	:	:	:	:	:	:	:		
Local government	11.6	11.0	6.4	6.7	6.5	6.5	6.1	5.8	5.5	5.7	5.7	5.7	5.8	14	2.9
Social security funds	30.5	31.2	31.2	30.6	30.3	33.9	34.0	34.2	33.7	33.7	34.0	32.0	32.3	11	16.2
EU institutions	0.4	0.5	0.5	0.4	0.3	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.5	15	0.2
C. Structure by economic function															
as % of GDP															
Consumption	13.4	13.9	13.6	14.4	14.2	14.1	15.2	15.9	15.9	16.1	15.8	15.6	16.0	2	21.4
Labour	17.8	19.4	20.1	18.7	17.4	17.2	18.5	18.0	17.8	17.8	18.3	17.7	17.2	13	23.0
of which on income from employment	17.5	18.8	19.3	18.2	17.0	16.9	18.2	17.8	17.6	17.7	18.2	17.5	17.0	12	22.8
Paid by employers	9.4	9.7	9.8	9.2	8.0	8.2	8.7	8.4	8.5	8.5	8.9	7.7	7.1	12	9.4
Paid by employees	8.1	9.0	9.5	9.0	9.0	8.7	9.5	9.4	9.2	9.2	9.3	9.8	10.0	11	13.4
Paid by non-employed	0.2	0.6	0.8	0.4	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	23	0.2
Capital	5.4	6.1	5.8	6.0	5.6	5.4	5.5	4.8	5.0	5.1	5.4	5.1	4.4	24	5.9
Income of corporations	2.3	2.7	2.6	2.2	1.2	1.2	1.3	1.3	1.6	1.7	2.3	2.0	1.3	27	1.8
Income of households	0.6	0.7	0.4	1.0	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	18	0.7
Income of self-employed	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.7	19	0.9
Stock of capital	1.9	2.1	2.2	2.2	3.2	3.2	3.3	2.5	2.4	2.3	2.1	2.0	1.9	11	2.5

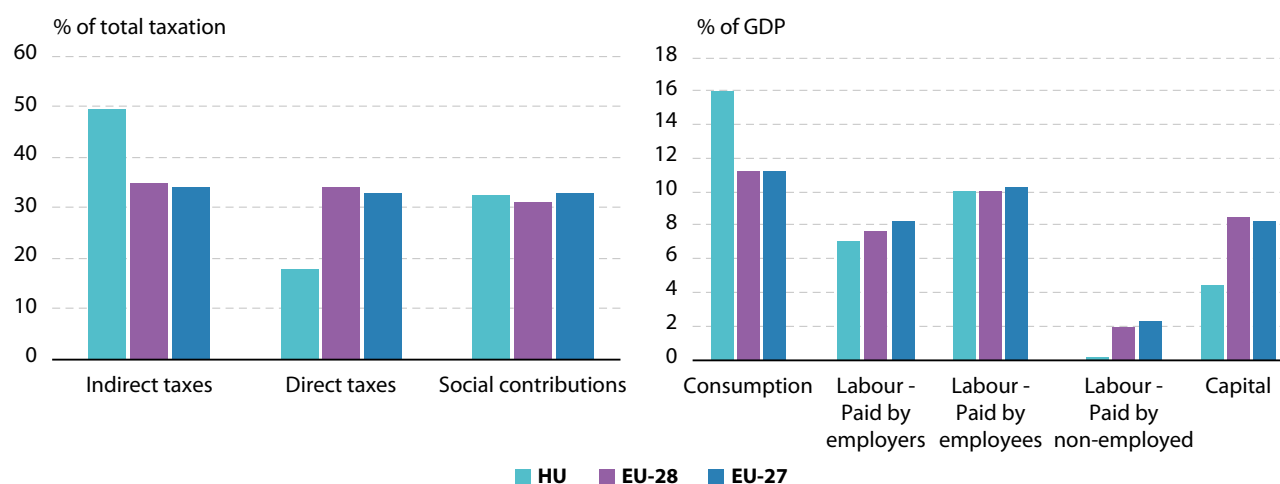
Table HU.1: Tax Revenue (continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Ranking 2018	Revenue 2018 (billion euros)
D. Environmental taxes as % of GDP															
Environmental taxes	2.9	2.8	2.7	2.7	2.7	2.6	2.6	2.5	2.5	2.5	2.6	2.5	2.3	18	3.1
Energy	2.2	2.1	2.0	2.1	2.2	2.1	2.0	1.9	1.9	1.9	2.0	1.9	1.8	20	2.4
of which transport fuel taxes	1.7	1.6	1.7	1.7	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.6	1.6	10	
Transport	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3	17	0.4
Pollution and resources	0.14	0.14	0.16	0.17	0.10	0.09	0.23	0.21	0.21	0.25	0.25	0.27	0.25	3	0.3
E. Property taxes as % of GDP															
Taxes on property	0.8	0.8	0.8	0.8	1.1	1.1	1.2	1.3	1.3	1.3	1.1	1.1	1.0	18	1.4
Recurrent taxes on immovable property	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.6	0.5	0.5	0.5	0.5	0.5	18	0.6
Other taxes on property	0.6	0.5	0.6	0.5	0.8	0.8	0.8	0.7	0.7	0.8	0.6	0.6	0.6	17	0.7
F. Implicit tax rates %															
Consumption	20.3	21.2	20.7	21.4	21.5	21.4	22.9	24.6	25.4	26.4	25.5	25.3	26.4	1	
Labour	38.3	40.8	42.3	40.3	38.6	38.3	40.2	40.1	40.6	41.4	41.4	39.6	38.9	10	
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, compared to EU-28 and EU-27, 2018 (in % of total taxation (left graph) and in % of GDP (right graph))

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

Note: EU-27 represents EU Member States without UK

Table HU.2: Latest tax reforms

Description of measure	Change	Date
Personal income tax: Earned income		
Tax exemption of interest income from retail treasury bonds	Base decrease	Announcement: 12-03-2019 Legislation: 10-04-2019 In force from: 01-06-2019
The types of diseases underlying the categorization of seriously disabled for reasons of entitlement of personal allowances in PIT had been expanded to cover certain common oncological diseases. In case of the recently added diseases the benefits are enforceable retroactively.	Rate decrease	Announcement: 04-12-2018 Legislation: 21-12-2018 In force from: 01-01-2019
PIT exemption for women with 4 children	Base decrease	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-01-2020
Social security contributions: Employee		
The employees' social security contributions – currently consisting of four separate items – will be integrated into the single social security contribution, so the time to comply with tax obligations will fairly decrease from July 2020. However the measure, in certain cases, increases the tax base (part-time employees, posting of employees), households will be entitled for a slightly higher allowance from their SSCs (family tax allowance). The recently adopted measures include the extension of the social contribution exemption of retired individuals to all the other gainful activities (previously employment contracts only).	Neutral	Announcement: 11-12-2019 Legislation: 18-12-2019 In force from: 01-07-2020
The integration of Health Contribution Tax.	Base decrease	Announcement: 20-07-2018 Legislation: 31-07-2018 In force from: 01-01-2019
Retired employees became exempt from the employer's SCT and the employee's SSCs, thus 2019 only 15 percent income tax shall be payed on the top of the gross wage.	Rate decrease	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
Social security contributions: Employer		
Introduction of a new type of tax relief for R&D activities in the SCT.	Rate decrease	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
Introduction of the renewed social contribution tax allowance system.	Rate decrease	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
The phasing out of Job Protection Act.	Rate increase	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
Retired employees became exempt from the employer's SCT and the employee's SSCs, thus 2019 only 15 percent income tax shall be payed on the top of the gross wage.	Rate decrease	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
Regarding the employer's payroll tax, several conditional decreases had been placed into the law. Further four 2 percentage point cuts are expected, given that the employers increase the wages in a sufficient pace defined in the law. The tax benefits have been aligned with the new rates as well. The next step of payroll tax cut is expected from July, 2019 (to 17.5%). (gross fiscal impact)	Rate decrease	Announcement: N-D Legislation: N-D In force from: 01-07-2019 (expected)
Social security contributions: Self-employed		
In accordance with the employers' SSC cuts, the social contribution tax for self-employed was reduced by the same amount. Revenue effects are included in the employers' SSC cuts.	Rate decrease	Announcement: 22-11-2016 10-10-2017 Legislation: 20-12-2016 23-11-2017 In force from: 01-01-2017 01-01-2018 (01-10-2019 expected)
Taxes on payroll and workforce		
Employer's payroll tax decreased from 19.5% to 17.5% in Q3 2019. (gross fiscal impact)	Rate decrease	Announcement: 12-06-2019 Legislation: 14-06-2019 In force from: 01-07-2019
Non tax compulsory payments: Employer		
The extension of the base of SCT for incomes previously charged by health contribution tax.	Base increase	Announcement: 20-07-2018 Legislation: 31-07-2018 In force from: 01-01-2019

Table HU.2: Latest tax reforms (continued)

Description of measure	Change	Date
Corporate income tax		
CIT: Increasing the upper threshold of the tax-free provision for developments (a kind of accelerated depreciation)	Base decrease	Announcement: 13-11-2018 Legislation: 23-11-2018 In force from: 01-01-2019
Abolishing of ot tax credit for sponsorship of performers.	Neutral	Announcement: 13-11-2018 Legislation: 23-11-2018 In force from: 01-01-2019
Implementation of ATAD (Anti Tax Avoidance EU Directive): interest limitation rules, general anti-avoidance rule, tightening the previous controlled foreign corporation rules.	Base increase	Announcement: 13-11-2018 Legislation: 23-11-2018 In force from: 01-01-2019
It is possible to choose group corporate taxation for companies that comply certain conditions.	Base decrease	Announcement: 13-11-2018 Legislation: 23-11-2018 In force from: 01-01-2019
Increasing the upper threshold of tax allowance in connection with angel-investments (investments in start-ups). (In the estimated revenue the impact of this measure is shown together with impact of the introduction of angel-investments tax credit.)	Base decrease	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
The minimum amount of investments has been decreased in July 2019 and it has been reduced further 2 steps (January 2021, January 2022) , thus the availability is widened for SMEs in the Development tax credit in the CIT.	Base decrease	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 24-07-2019
Implementation of Anti Tax Avoidance EU Directive (Phase 2: exit tax, handling hybrid instruments)	Base increase	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-01-2020
Other corporate taxes		
Rate of small business tax (KIVA) was reduced by 1 percentage points (from 13% to 12%) in accordance with the decreasing Social Contribution Tax.	Rate decrease	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-01-2020
Abolition of Simplified Business Tax (EVA) (There is positive cross-effect on VAT, CIT, PIT and Lump Sum Tax of Small Enterprises (KATA))	Rate decrease; base decrease	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-01-2020
Value-added tax		
VAT rate on ESL and UHT milk decreased from 18% to 5%	Rate decrease	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
The individual exemption for VAT was increased from HUF 8 million to HUF 12 million per year.	Base decrease	Announcement: 13-11-2018 Legislation: 23-11-2018 In force from: 01-01-2019
VAT rate on accommodation services decreased from 18% to 5%	Rate decrease	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-01-2020
Health-related taxes		
Increasing public health product tax rates by 20%, balance the tax rate on soft drinks and syrup; changing the thresholds in case of alcoholic products and expanding public health product tax on all alcoholic products	Rate increase; base increase	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
Other excise duties		
The excise duty rates on tobacco products have been increased in 3 steps.	Rate increase	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-09-2018 01-01-2019 01-07-2019
The excise duty rates on tobacco products have been increased in further 3 steps (January 2020, July 2020, January 2021)	Rate increase	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-01-2020
Other taxes		
Financial transaction duty: extending the upper limit (6 thousand forints) for every account holders and exemption of transactions in connection with government securities at the Treasury	Base decrease	Announcement: 20-07-2018 13-11-2018 Legislation: 25-07-2018 23-11-2018 In force from: 01-09-2018 01-01-2019
Extension of tourism development contribution to accommodation services	Base increase	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-01-2020

Table HU.2: Latest tax reforms (continued)

Description of measure	Change	Date
Exemption of transactions by treasury account holders from Financial Transaction Duty (there is a decrease in governmental expenditure in connection with this measure)	Base decrease	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-01-2020
Post office cheques are exempt from Financial Transaction Duty up to the amount of HUF 20 000	Base decrease	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 24-07-2019
Abolishing cultural tax	Rate decrease	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
From 2019 investment firms aren't subject to bank levy	Neutral	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
Suspension of advertising tax	Rate decrease; base decrease	Announcement: 12-07-2019 Legislation: 23-07-2019 In force from: 01-07-2019
From 2019 the upper rate of the bank levy decreased from 0.21% to 0.20% in case of credit institutions.	Rate decrease	Announcement: 13-11-2018 Legislation: 23-11-2018 In force from: 01-01-2019
Definition of the subject of innovation contribution was modified (harmonized with the EU standard).	Base increase	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019
Financial transaction duty: tax exemption of private individuals' bank transfers up to HUF 20,000 per transaction	Base decrease	Announcement: 20-07-2018 Legislation: 25-07-2018 In force from: 01-01-2019