

IMPACT OF COVID19 ON THE TAX LIABILITIES

IS THERE ANY TAX RELIEF DUE TO THE COVID19 PANDEMIC?

At this moment, tax relief is only available for enterprises active in certain servicing sectors: tourism, hospitality, show business, gambling, movie, performer, event organizer, sports, etc. These enterprises shall not pay the taxes on payroll (including social security tax and professional contribution) while their employees shall not pay social security contributions save for the health service contribution the amount of which is maximized in HUF 7710. The relief applies in respect of March, April, May and June of 2020.

In addition, tourism development contribution shall not be payable by the subject enterprises (i.e. those active in the tourism sector) between 1 March 2020 and 30 June 2020.

WHAT HAPPENS TO THE CURRENT TAX LIABILITIES?

The tax relief does not affect the obligation of the taxpayer to assess and report their taxes. Enforcement procedures of tax underpayments which are currently in progress are suspended. It must be emphasized that it only applies to the tax underpayments where the enforcement has already been initiated before 24 March 2020.

WHAT ARE THE ADDITIONAL MEASURES?

Enterprises subject to KIVA (small enterprise tax) active in the above sectors shall not pay KIVA on payroll and other personal payments in respect of March, April, May and June of 2020.

Enterprises and private entrepreneurs subject to KATA (lump sum tax for small enterprises) carrying out certain activities listed by the law (taxi services, sport, dentists, etc.) shall not pay the tax for March, April, May, and June of 2020. Tax arrears of KATA incurred before 1 March 2020 can be paid in 10 installments.

IS IT POSSIBLE TO POSTPONE THE TAX LIABILITIES?

The government has not introduced any such special measure due to COVID19 so far. However, under the general rules of the tax procedures, it is possible to request deferral of tax payment for taxes not included in the above extraordinary measures (e.g. corporate income tax, local business tax). Enterprises and private entrepreneurs can also submit a request to decrease their advance tax payment liabilities.

WHO TO CONTACT?

If your business is listed or otherwise affected by the state of emergency, please do not hesitate to contact:

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