

LAKATOS, KÖVES ÉS TÁRSAI
ÜGYVÉDI IRODA

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HUNGARIAN GOVERNMENT ANNOUNCES MEASURES TO ASSIST THE ECONOMY

At the 7 April 2020 press conference of the Operational Group, responsible for the Hungarian government's response to the COVID 19 crisis, László Palkovics, the Minister for Innovation and Technology announced certain measures intended to mitigate the economic impact of the COVID-19 crisis.

The detailed regulations of the announced measures are yet to be published. However they can be summarized as follows:

ACTIONS IN THE PRIORITY SECTORS, FINANCIAL SUPPORT FOR ENTERPRISES

- The state will provide extra financial resources for certain (still to be identified) priority sectors in the next three years in the form of investment grants, preferential and guaranteed loans.
- Further measures are promised for the tourism and catering sectors: tourism taxes will be suspended until 31 December 2020, social contribution tax related to SZÉP cards (a form of fringe benefit) decreases to 4% until 30 June 2020, and the budget allocation for SZÉP cards will be increased. HUF 600 billion (approx. € 1.56 billion) will be provided to support the tourism sector.
- Subsidies will be provided to universities and to private research institutes for health research, and a health care industry innovation agency will be established for the coordination of this activity.
- The corporate sector will be supported with credit guarantee and capital programs. For all businesses (from micro-enterprises to large enterprises) preferential loans of up to HUF 2000 billion (approx. € 5.58 billion) and state guarantees in the amount of more than HUF 500 billion (approx. € 1.4 billion) will be made available. A restructuring sub-fund and a transactional sub-fund will be established.

EMPLOYMENT PROTECTION MEASURES

- State aid will be granted in case of reduced working time – for the period of the shutdown - with a cap which means effectively that the Hungarian state will take over 70% of the loss of salaries for 3 months.
- For 3 months the government grants 40% extra salary to those employed in the field of engineering and R&D.

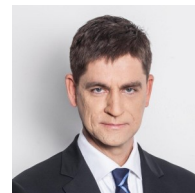
TAX AND ADMINISTRATIVE OBLIGATION RELIEFS

- The government will introduce certain reliefs from tax and administration obligations.
- An enterprise portal was set up to simplify administration and to answer questions.
- Social contribution tax will be decreased by 2% from 1 July 2020.
- Employees will remain insured during their unpaid leave. It is unclear, however, whether any social security contribution will be payable during this time and by whom.
- The deadline for the filing of annual financial statements and the related tax returns will be postponed until 30 September 2020.
- Exemptions from deposits in the EKAER system (i.e. the system whereby the transportation of goods is subject to electronic surveillance and placement of deposits with the Tax Authority is required in certain cases) and the possibility of automatic repayment will be introduced.
- VAT refunds will be accelerated: for normal taxpayers, it will be 30 days and for reliable taxpayers, it will be 20 days.
- To facilitate tax payments the possibility of payment deferral and instalment payments will be introduced. The taxpayers' qualification as 'trusted' will not suffer by reason of non-compliance during the state of emergency.

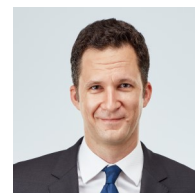
WHO TO CONTACT?

Please do not hesitate to contact any member of our team:

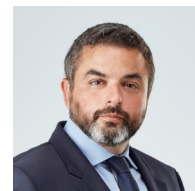
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