

Key Rules on Insurance Tax **(Published on 2 February 2026)**

Insurance tax is a special turnover tax imposed on the insurance industry.¹ Revenue from the tax is paid to the central budget.²

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¹ Rules of the tax are stipulated in Act CII of 2012 on Insurance Tax (hereinafter referred to as ‘the IT Act’).

² Subsection 2 of Section 7 of IT Act.

1. Subjects of the tax, taxable persons

1.1 Subjects of the tax

The provision of insurance services – under the IT Act – shall be subject to tax, i.e.

- casco insurance
- property and accident insurance
- compulsory vehicle liability insurance

if the location of risk³ is in Hungary⁴

Health insurance⁵ and agricultural insurance⁶ shall not be subject to insurance tax.

Casco insurance⁷	Property and accident insurance⁸
<u>Road vehicle casco insurance</u> Damage caused to road vehicles, non-engine driven land vehicles.	<u>Accident insurance</u> Work-related accidents and occupational illnesses are included.
<u>Rail vehicle casco insurance</u> Any and all damage or loss occurred to rail vehicles.	<u>Cargo insurance</u> Goods, items of luggage and any other items of property are included. ⁹
<u>Aircraft casco insurance</u> Any and all damage or loss occurred to aircrafts.	<u>Insurance against fire and natural disasters</u> All property damage caused by fire, explosion, thunderstorm, other natural disasters other than thunderstorm, nuclear energy, landslides, ground subsidence, earthquakes.
<u>Watercraft (used on sea, lakes or canals) casco insurance</u>	<u>Other property damage¹⁰</u>
	<u>Liability insurance related to road vehicles</u>

³ Sub-point b) of Point 62 of Subsection (1) of Section 4 of the Act LXXXVIII of 2014 on Insurance Activities (hereinafter referred to as the 'IA Act').

⁴ Section 2 of the IT Act.

⁵ Insurance industry under Point 2 of Part A) of Schedule No. 1 to the IA Act.

⁶ Agricultural insurance under Act CLXVIII of 2011 on Handling Weather-Related and Other Natural Risks Affecting Agricultural Production.

⁷ Industries under Points 3 to 6 of Part A) of Schedule 1 of the IA Act.

⁸ Industries under Part A) of Schedule 1 of the IA Act, with the exception of Points 3 to 5, but including complementary accident insurances belonging to life insurances.

⁹ Damages occurred to goods or items of luggage transported, irrespective of the type of the vehicle of transport.

¹⁰ E.g. damage caused by hail or frost, or damage caused by theft.

	The carrier's liability is included.
	<u>Liability insurance related to aircrafts</u> The carrier's liability is included.
	<u>Liability insurance related to watercrafts used on sea, lakes, rivers or canals</u> The carrier's liability is included
	<u>General liability insurance</u> ¹¹
	<u>Credit insurance</u> General insolvency, export loans, payment instalment transactions, mortgage loans, agricultural loans are included.
	<u>Sureties and guarantees</u>
	<u>Insurance against various financial losses</u> ¹²
	<u>Legal protection insurance</u> Legal expenses and court costs ¹³
	<u>Assistance</u>

The **risk location** (Member State of the liability in the case of insurance branches not belonging to the life insurance branch) shall be:

- the Member State in which the real estate is situated, in the case of insuring real estate and the moveable properties in them if they are covered by the same insurance policy,
- the Member State which shall be considered as the country of commitment specified in the Civil Liability Insurance Act¹⁴, in the case of any kind of motor vehicle,

¹¹ For instance, liability insurance related to environmental pollution.

¹² E.g. risks related to employment, non-foreseeable business supplementary and extra costs, profit losses.

¹³ Legal protection insurance is undertaking the obligation of bearing the costs of legal expenses and providing other services based on the insurance coverage against payment, especially:

- securing recovery of the damage sustained by the insured and the tort due to him will be covered through an out-of-court settlement or through civil or criminal procedure,
- the defence or representation of the insured in civil, criminal, administrative or other procedures and in case of a claim for compensation or tort required from the insured.

¹⁴ Act LXII of 2009 on Compulsory Motor Vehicle Liability Insurance (hereafter Kgyb. tv.).

- the Member State in which the policy holder concluded the contract, irrespective of the insurance branch concerned, in the case of travel and vacation risk insurance policies with a term of maximum 4 months,
- the Member State in which the permanent residence of the policy holder is located, or, if the policy holder is a legal entity, the site of this legal entity to which the contract applies, in any other cases not referred to specifically in the paragraphs above.

The obligation of compulsory vehicle liability insurance means **that all operators of motor vehicles registered in the territory of Hungary** – other than the motor vehicles exempted under specific other legislation and under specific circumstances the individual state vehicles¹⁵ – **are required to enter into a contract with an insurance company** governed in the Civil Liability Insurance Act for obtaining coverage for any injury arising from the use of motor vehicle and to pay the premium charged in order to keep the policy in effect¹⁶.

1.2 Taxable persons under the insurance tax

The subject of the tax is the insurer, including

- the Hungarian branch offices of third country insurers seated in a Member State of the European Economic Area or
 - in a third country under the Insurance Act, and also
 - cross-border insurance service providers
- in respect of their taxable insurance activities¹⁷.

2. The tax base and the accounting of the insurance premium

2.1 The tax base

The insurance premium shall comprise the tax base¹⁸.

The insurance premium is

- the gross premium charged by an insurer
- for the insurance services provided and accounted for in accordance with accounting regulations,
- including the value not accounted for as gross premium according to accounting regulations, which, however, is considered as cover for insurance services in consideration for insurance services¹⁹.

The tax base shall not include

¹⁵ The operators of motor vehicles that were exempted by the minister directing the ministry that exercises operator's rights, or by the minister exercising control or supervisory rights over the body that exercises operator's rights shall be exempt from the obligation of concluding a compulsory vehicle liability insurance contract under this Act. [Subsection (1) of Section 57/H. of Kgyb tv.].

¹⁶ Subsection (1) of Section 4 of Kgyb tv.

¹⁷ Section 3 (1) of IT Act.

¹⁸ Point 7 of Section 1 and Section 4 (1) of the IT Act.

¹⁹ It is a feature of the so-called unit-linked life insurances, which are combined with investments, that the insurer assumes other risks in addition to the risks covered by the insurance premium (e.g. accident risk). The coverage of that is that the insurer deducts a certain amount from the savings component of the insurance, as consideration for their costs. This amount is practically insurance premium and therefore it is also part of the tax base.

- the gross premium charged for agricultural insurance, and
- the premium income received from the portfolio of insurance policies transferred from other insurance companies for reinsurance²⁰, accounted for as gross premium income.

If an insurance company

- provides more than one insurance services subject to insurance tax within the framework of a single insurance relationship, or
- provides a taxable insurance service together with another insurance service (e.g. health insurance)

the insurance premium shall be the premium charged separately for each taxable insurance service.

2.2 Accounting for the insurance premium

The insurer must account for insurance premiums in accordance with Schedule 2 of the relevant government decree²¹, **the tax shall be assessed by the 20th day of the month following the accounting of the insurance premium (or premium instalment)**. Regarding the accounting of the premium the insurer has two options to choose from²²:

- a) the insurance premium income is continuously accounted for on their due date specified in the effective insurance contracts and with the expected amount on the basis of the contract. If a contract becomes no longer effective, the income already accounted for in the month of termination will be reduced with respect to the date of termination of the contract;
- b) the insurance premium income is accounted for on the date of its financial realization during the insurance year. When the year is closed the insurer accounts for the income financially unrealized but due until the balance sheet day; at the same time, it terminates the income accounted for under the same title when the previous year was closed.

Example:

The insurer applies the provisions of Point a) when it accounts for insurances.

The client contracted for property insurance against fire and natural disasters with the insurer and the policy period lasts from 1 January 2026 until 31 December 2026. The client chose to pay premium on a quarterly basis, and duly complies with their payment obligations regarding the first two quarters on 22 January and 6 May 2026; then terminates the contract on 17 May.

²⁰ Reinsurance activity shall mean transferring risks assumed by an insurance company or a reinsurance company, and a third-country insurance company or reinsurance company in whole or in part, under the terms and conditions specified in a contract, for the payment of premiums [Point 112 of Paragraph (1) of Section 4 of the Insurance Act]. The premium income received from reinsurance: the fees indicated in reinsurance contracts and received from the reinsurance portfolio in compensation for the assumption of risks (see in Government Decree).

²¹ Government Decree No 192/2000 (XI. 24.) on the Special Features of the Annual Reporting and Bookkeeping Obligations of Insurers (hereinafter referred to as the 'Government Decree').

²² Pursuant to the provisions pertaining to the specific items of the profit and loss account in Schedule 2 to the Government Decree.

In accordance with the provisions of the agreement concluded with the insurer the contract becomes ineffective on the day of the unilateral termination in such cases.

Regarding the given contract the amount of insurance premium is accounted for in January 2026 and April 2026 as an income and the amount of insurance tax is declared in January 2026 and April 2026 by the insurer.

In May 2026, the month of the termination of the contract the income accounted for the second quarter must be decreased with the amount of the period from 18 May until 30 June 2026 (the first two quarters).

In case the insurer filed his declaration concerning April 2026 due on 20 May 2026 before the decrease of the premium income, then the declaration concerning April 2026 can be modified by self-monitoring and the tax liability for the given month can be decreased.

3. Rate of the tax²³

The IT Act provides for the application of **progressive tax bracket rate** for casco insurances as well as property and accident insurance services, if **the consolidated tax base** – deriving from the afore-mentioned insurance services – **does not reach HUF 20 billion** in the calendar year directly preceding the month of the clearance of tax liabilities. Based on the IT Act progressive tax rate cannot be applied in case of compulsory vehicle liability insurance services, because in this case there is always a single rate of tax.

3.1 Tax rates in case of providing casco insurance, property and accident insurance services

To assess the tax, first **it shall be examined whether the consolidated tax base** deriving from providing casco insurance, property and accident insurance services **reached HUF 20 billion in the calendar year directly preceding the clearance of the tax.**

If it did, the rate of tax shall be **15 percent for casco insurance**, and **10 percent for property and accident insurance** in each month of the tax liability.

If it did not reach HUF 20 billion, the rate of the tax shall be

- **25 percent of the 15 percent or 10 percent tax rate** for the part of the tax base not exceeding HUF 250 million,
- **50 percent of the 15 percent or 10 percent tax rate** for the part exceeding HUF 250 million but not exceeding HUF 1 billion and 750 million, and
- **100 percent of the 15 percent or 10 percent tax rate** for the part exceeding HUF 1 billion and 750 million

²³ Section 5 (1)-(2) of the IT Act as amended by Section 65 of Act LIV of 2025 on Certain Tax Liabilities and Amendments to Certain Tax Laws.

for the given tax accounting month.²⁴

The following table summarizes the tax rates applicable to various tax bases calculated from the insurance premium deriving from providing comprehensive insurance, property and accident insurance services valid in 2026.

Type of insurance	Tax base	Tax rate
Casco insurance	insurance premium	<p>- 15 percent of the tax base</p> <p>- for taxable persons the consolidated tax base of which did not reach HUF 20 billion in the calendar year directly preceding the accounting of tax, the tax rate shall be</p> <p>1) 3.75% after the portion of the tax base of the tax accounting month falling below HUF 250 million (25 percent of the 15 percent)</p> <p>2) 7.5% after the portion of the tax base of the accounting month exceeding HUF 250 million HUF, but not exceeding HUF 1 billion and 750 million (50 percent of the 15 percent)</p> <p>3) 15% after the portion of the tax base of the tax accounting month exceeding HUF 1 billion and 750 million</p>
Property and accident insurance	insurance premium	<p>- 10 percent of the tax base</p> <p>- for taxable persons the consolidated tax base of which did not reach HUF 20 billion in the calendar year directly preceding the accounting of tax, the tax rate shall be</p> <p>1) 2.5% after the portion of the tax base of the tax accounting month falling below HUF 250 million (25 percent of the 10 percent)</p> <p>2) 5% after the portion of the tax base of the accounting month exceeding HUF 250 million, but not exceeding HUF 1 billion and 750 million (50 percent of the 10 percent)</p> <p>3) 10% after the portion of the tax base of the tax accounting month exceeding HUF 1 billion and 750 million</p>

The applicable tax rates depend on two factors:

- the gross amount of insurance premium deriving from casco, property and accident insurance in the previous year
- the amount of the tax base in the month of tax settlement.

²⁴ Points a)-c) of Section 5 (2) of the IT Act.

The preferential tax rates in the various tax brackets shall be applicable in the particular insurance branches in the ratio which is represented by the premiums of comprehensive, property and accident insurance services in the entire tax base of the particular month.

3.2 Tax rates in case of providing compulsory vehicle liability insurance services

The tax rate – regardless the amount of incomes from premium accounted in the calendar year preceding the month of accounting tax – is 23% of the tax base but a maximum of HUF 83 per motor vehicle daily on every calendar day of the period of risk coverage of the insurance company.

The risk-bearing of the insurer does not cover the margin period according to Act LXII of 2009 on Compulsory Motor Vehicle Liability Insurance (Kgfb. tv.) in lack of remuneration – except the period of intermission – therefore the limit of HUF 83 does not apply to this period when determining the tax rate.

4. Tax assessment

The tax on the premium payments and instalments shall be assessed, declared on form no. 2620 provided for this purpose by the state tax authority and paid by insurers by the 20th day of the month following the accounting month of the premium payments and instalments, that is, until 20 February 2026 the earliest.

The form can only be submitted electronically.

The form filling program of the tax return running in ÁNYK (i.e. general form filling program) and the accompanying instructions are available at:

- <https://nav.gov.hu/nyomtatvanyok/letoltesek/nyomtatvanykitolto-programok-kereso> → Részletes keresés (Detailed search)

The Web based form filling program of the tax return and the accompanying instructions are available at:

- www.nav.gov.hu → [Online Nyomtatványkitöltő Alkalmazás \(ONYA\)](#) (Online Form Filling Application)

Administrative and statutory tasks related to insurance tax shall be performed by the National Tax and Customs Administration (NTCA). Insurance tax shall be paid into **NTCA insurance tax revenue account no. 10032000-01076318-00000000** (tax type code: 200).

5. Rules for the supplementary insurance tax in 2026

For the tax year commencing in 2025 and in 2026, the insurer under the IT Act must pay an additional insurance tax (hereinafter referred to as "supplementary tax").

The NTCA, as an authority, is responsible for the tasks related to the supplementary tax. Revenue from the supplementary tax is revenue of the central subsystem (central budget) of the general budget of the government.

5.1 Base and rate of the supplementary tax

The supplementary tax is based on the aggregate amount of

- the insurance premium as defined in the IT Act (hereinafter referred to as the first part of the tax base) and
- the gross premium accounted for in accordance with accounting legislation arising from the provision of insurance services in insurance business sectors set out in annex 2 of the IT Act (hereinafter referred to as the second part of the tax base).

Thus, the first tax base part of the supplementary tax base includes *casco insurance, property and accident insurance and compulsory vehicle third party liability insurance*.

The second tax base part of the supplementary tax base includes *life insurance activities stipulated in point 1 (except for points 2 and 3), capital redemption operations (insurance savings arrangements) as per point 4, group pension funds as per point 5 and transactions relating to the length of human life as contained in point 6 of Annex 2 to the Act of Businesses of Insurance*.

The supplementary tax rate for the tax base generated **in the tax year commencing in 2025 and in 2026** is as follows:

a) first tax base

- aa) 3 per cent on the part not exceeding HUF 48 billion,
- ab) 14 percent on the part exceeding HUF 48 billion.

b) second tax base part

- ba) 2 per cent on the part not exceeding HUF 48 billion,
- bb) 6 percent on the part exceeding HUF 48 billion.

5.2. Reduction of the supplementary insurance tax

An insurer may reduce its liability to pay the supplementary insurance tax if the average daily stock of government securities held by it increases in relation to its average daily stock of government securities held between 1 September 2025 and 30 November 2025 for the period 1 January 2026 to 30 November 2026. For the calculation of the daily average stock of government securities, the face value of the government securities shall be considered.²⁵

Government securities for the purposes of the reduction are

- maturing after 1 January 2031,
- named Hungarian Government Bond,
- denominated in forint,
- issued at auction (excluding government securities acquired in reverse repurchase agreements, securities lending transactions and buy-sell-back transactions).²⁶

The amount of the reduction is 60 percent of the increase in the face value of the government securities that qualify for the reduction, up to

- a maximum of 40 percent of the total tax amount attributable to the first tax base portion, calculated without taking the reduction into account, or
- the amount of tax attributable to the second tax base portion.²⁷

The increase in the face value may be considered up to the amount by which the total face value of the securities portfolio²⁸ increases.

The reduction is conditional on the insurer filing a tax return on the reduction by the 10th day of the twelfth month of the tax year simultaneously with the tax return on the supplementary tax.

If the insurer has been involved in a merger during the periods referred to in the first paragraph of point 5.2, the reduction shall be applied taking into account the data of the legal predecessor(s) and legal successor(s).²⁹

5.3 Assessment, declaration and payment of the supplementary tax

The tax of taxable persons that are affiliated³⁰ shall be assessed

- by adding together their tax bases, and
- apportioning the amount calculated on the basis of the result at the tax rate under point 5.1 among each taxable person in the same proportion as the tax base they have achieved bears to the total tax base achieved by all taxable persons that are affiliated.

²⁵ Section 5 (11) of the IT Act.

²⁶ Section 5 (12) of the IT Act.

²⁷ Section 5 (13) of the IT Act.

²⁸ Except for government securities acquired in reverse repurchase agreements, securities lending transactions and buy-sell-back transactions.

²⁹ Section 5 (9-10) and (16-17) of the IT Act.

³⁰ Taxable persons classified as affiliated enterprises pursuant to sub-points a) to f) of point 23 of Section 4 of Act LXXXI of 1996 on Corporate Tax and Dividend Tax.

The above provision shall apply

- if the affiliated business relationship was established by a division or a spin-off after 1 June 2022, or
- if the legal entity carrying out taxable insurance activities after 1 June 2022 has transferred or made available its assets enabling such activities after 1 June 2022 to another insurer in an affiliated business relationship.

The rule for affiliated taxpayers does not apply if the taxpayer proves that the above transactions (division, spin-off, transfer of assets for use or final transfer of assets) were not carried out for avoiding tax liability but for purely economic reasons.

The supplementary tax must be assessed and paid in two equal installments by the last day of the first and seventh months following the tax year and declared on form no. 2620.

5.4 Supplementary tax advance

By the 10th day of the twelfth month of the tax year, the insurer must assess, pay and declare a supplementary tax advance on form 2620. The supplementary tax advance shall be calculated based on the tax base calculated for the first eleven months of the tax year, applying the tax rates under point 5.1, less the amount of the reduction as per point 5.2.³¹

If the amount of the supplementary tax advance paid as described above is more than the total amount of the supplementary tax declared by the last day of the first and seventh month following the tax year, the difference can be claimed for refund from the last day of the seventh month following the tax year.³²

The amount of the supplementary tax shall be paid to the ***NTCA insurance tax revenue account*** no. **10032000-01076318-00000000**.

National Tax and Customs Administration

³¹ Section 6 (2) of the IT Act.

³² Under the tax refund rules of Act CL of 2017 on the Rules of Taxation.