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Information for foreign taxpayers in the SME system

Changes to the individual tax exemption threshold in Hungary

On 1 January 2026, the threshold for eligibility for individual tax exemption in Hungary will rise from the previous HUF 18 million to HUF 20 million.[1]

Based on this change, any taxpayer in another Member State whose turnover from the provision of services or the sale of goods – converted into Hungarian forints at the exchange rate specified in the VAT Act[2] –

- did not reach the threshold in the calendar year of 2025, and
- in the calendar year of 2026 (as expected and actually) does not reach

the value of HUF 20 million, is entitled to opt for cross-border tax exemption under the SME system (Special Scheme for Small Enterprises) in Hungary as the Member State of exemption.

If these conditions are met, then the rule limiting refunds related to exceeding the threshold under the VAT[3] Act does not apply either, meaning that cross-border tax exemption can still be chosen for 2026 even if the taxpayer exceeded the HUF 18 million value threshold for tax exemption in 2025.

A further condition for the exemption to apply is that all other conditions for the application of the individual tax exemption are also met, including that the taxpayer does not exceed the EU turnover threshold of EUR 100,000.

The theshold will continue to rise in the coming years, reaching HUF 22 million in 2027 and HUF 24 million in 2028.[4]

National Tax and Customs Administration

[1] Act CXXVII of 2007 on Value Added Tax (VAT Act), Subsection (2) of Section 188 effective as of 1 January 2026.
[2] Section 195/J of the VAT Act.
[3] Subsection 6 of Section 195/K of the VAT Act.
[4] Sections 15 and 16 of Act LXXXIV of 2025 on Measures to Reduce the Tax Burden on Businesses.