

Taxation of non-profit organisations

2023

This Information Booklet contains comprehensive rules on the taxation of legal entities, associations, public corporations and foundations operating in the non-profit sector, and describes the differences in the taxation of non-profit organisations of public interest and not-for-profit organisations having no public benefit classification.

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Introduction

Non-profit organisations are

- associations,
- foundations (civil organisations, non-governmental organisations, i.e. NGOs),
- public corporations and
- public foundations¹.

¹ Public foundation may not be established from 24 August 2006.

The most important rules pertaining to their establishment and operation are included in the Civil Code² and the NGO Act³.

Non-profit organisations shall be regarded as **economic operators** governed by the tax laws pertaining to specific tax liabilities and by the Act on Accounting⁴, **they shall become legal entities upon registration by the court on the date of registration.**

A new organizational form since March 2019 is the **trust foundation**, which is regulated by a separate law⁵. The trust foundation can be established for the following purpose:

- managing funds provided by the founder and the income earned on such funds, for carrying out the objectives set out in the statutes,
- providing financial benefits to a person or persons indicated as beneficiary(ies).

The trust foundation manages - in the form of economic activity - the property transferred to it, and holds the assigned property under fiduciary asset management arrangement for the objective set out above.

Trust foundations **may be set up for public interest objectives** as well, in which case it may also claim a public benefit classification. You can read about the rules governing the corporate taxation of trust foundations in the information booklet No. 41.

Also a new organizational form since May 2021 is the **trust foundation of public interest rendering public services**, which is regulated by a separate law⁶. You can read about the rules governing corporate taxation of trust foundations of public interest rendering public services in information booklet No. 41.

1. Organisational legal issues, accounting rules

1.1 Registration

Taxable activities may be undertaken by taxpayers having a tax number after registration with the National Tax and Customs Administration (NTCA).⁷

Non-profit organizations are registered with the court (regional court). Their registration takes place – similarly to companies – in the so-called **one-stop shop registration system**. This means that non-profit organisations receive a tax number from NTCA via the regional court that is competent in their registration.⁸

² Act V of 2013 on the Civil Code of Hungary.

³ Act CLXXV of 2011 on the Freedom of Association, on Public-Benefit Status, and on the Activities of and Support for Civil Society Organizations (NGO Act).

⁴ Act C of 2000 on Accounting.

⁵ Act XIII of 2019 on Trust Funds.

⁶ Act IX of 2021 on Public Interest Trust Foundations Rendering Public Services.

⁷ Subsection 2 of Section 16 of Act CL of 2007 on the Rules of Taxation (referred to as ART).

⁸ Detailed rules for registration, data connection and procedures are contained in Act CLXXXI of 2011 on the court registration of non-governmental organisations and related procedural rules.

Certain data and changes to them - which are not part of the court register - **shall be reported/notified directly to NTCA** after the court registration on **form no. 'T201CSZ** (in 2023 23T201CSZ) **with name** *"Notification and change notification form for NGOs registered by the court (regional court)*. The form can be submitted within 15 days of applying for a tax number, and can also be submitted in the event of subsequent changes.

The data on the form or application submitted after registration are recorded by NTCA at the start of the activity of the organisation, and, in the case of subsequent notifications, at the date indicated by the organisation.

The form

- is available on the website of NTCA through downloading the **General Form Filling Framework Program** (ÁNYK)
https://nav.gov.hu/nyomtatvanyok/letoltesek/nyomtatvanykitolto_programok/nyomtatvanykitolto_programok_nav/23T201CSZ
- and may be submitted to NTCA with the help of the **Online Form Filling Application** (ONYA)
<https://onya.nav.gov.hu/#!/login>

The tax number shall always be indicated in relation to taxation, e.g. in mails, payments, reclaims, invoices issued, etc. It may also be the case that a specific (public benefit) organisation only needs a tax number for issuing a certificate of donation.

Domestic legal entities, and as such, the **non-profit organisations**, too - unless otherwise provided by law or government decree - **are required to open a current payment account**. Thus, with the exception of funds intended for cash payments, they are obliged to

- keep their funds in a current account,
- settle their payments on a current account, and to do so,
- enter into a current account agreement and to have at least one domestic current account.⁹

1.2 Book-keeping, reporting

Book-keeping and reporting obligations of non-profit organisations and their organisational units with legal personality are regulated by a separate government decree.¹⁰

The report¹¹ may take the form of a

- simplified report,

⁹ Section 114 of ART.

¹⁰ Government Decree 479/2016 (XII. 28.) on the Peculiarities of the Reporting and Book-keeping Obligations of Certain Other Organizations Pursuant to the Act on Accounting (hereafter: Decree No 479).

¹¹ Subsection 4 of Section 7 of Decree No 479.

- simplified annual report,
- annual report under the Act on Accounting.

A **simplified report**¹² may be prepared, and thus, single entry books shall be kept by

- associations,
- foundations, and
- public corporations

of which the total amount of income from the main (basic) activity and the entrepreneurial activity **does not exceed HUF 50 million** annually for two consecutive years.

Parts of the simplified report are: simplified balance sheet, simplified profit and loss breakdown.

Any **organization of other type** keeping single-entry books may, at its discretion, **transit to double-entry book-keeping on 1 January of any business year**. In any event, if such organisation no longer meets the conditions for the preparation of simplified financial statements for two consecutive business years, the entity is obliged to transit to double-entry book-keeping.

A **simplified annual report**¹³ shall be prepared and double-entry books shall be kept by

- associations,
- foundations, and
- public corporations

of which the total amount of income from the main (basic) activity and the entrepreneurial activity **exceeds HUF 50 million** annually for two consecutive years.

Double-entry books shall be kept by all foundations of public interest¹⁴, i.e. they may prepare simplified annual report (unless opting for the preparation of annual report as specified in the Act on Accounting).

Parts of the simplified annual report are: balance sheet, profit and loss statement, notes on the accounts.

An **annual report** shall be drawn up by the **organisations of other type keeping double-entry books** if, on the balance sheet date in two consecutive financial years, two of the following three size-related indices exceed the limits indicated below:

- the balance sheet grand total of 1,200 million forints;
- the annual net sales revenue (basic and entrepreneurial activity together) of 2,400 million forints;

¹² Subsection 1 of Section 8 and Subsection 2 of Section 9 of Decree No 479.

¹³ Subsection 2 of Section 8 and Subsections 4-5 of Section 9 of Decree No 479

¹⁴ Subsection 2 of Section 27 of the NGO Act.

- the average number of employees in the financial year of 50 persons.

It is not part of the report, in any of the above forms, but the non-governmental organisations (both those of public interest and of non-public interest) and their organisational units with legal personality are obliged to prepare a **public-benefit status report (annex)** in connection with the annual report.¹⁵

The **organisational unit with legal personality** of the non-governmental organisation shall compile a report in compliance with the regulations applicable to non-governmental organisations, which shall be deposited¹⁶ by way of sending it until 31 May following the balance sheet date to the Hungarian National Office for the Judiciary (OBH)¹⁷.

The regulations pertaining to the reporting and book-keeping obligations of the organisation – foundation, association, public corporation – establishing an organisational unit with legal personality shall be applicable to **the reporting and book-keeping obligations of the organisational unit with legal personality**¹⁸.

1.3 Auditing obligation¹⁹

Audit shall be **mandatory** for organisations, the **average** annual (annualized) income (revenue) of which **from business operations exceeds 300 million forints in the two business years preceding the business year**. If the income (revenue) figures of one or both of the two business years preceding the business year are not available, or are partially available, in the case of newly founded organisations for example, the income (revenue) expected for the current year and the annual (annualized) income (revenue) of the previous business year – if any – shall be taken into account.

Organisations which **are not required to obtain an audit** – because, for example, they do not undertake business operations, or they undertake them but not exceed the abovementioned value limit of 300 million – may decide, **at their own discretion**, on assigning an auditing firm to review their reports (a voluntarily assumed obligation).

If auditing is mandatory – either pursuant to legislation or on the basis of a decision made at the organisation's own discretion –, **a registered auditor or auditing firm shall be chosen** to review the report on the business year and to check the veracity and legality of its contents when the report of the previous year is accepted, or, in case of an organisation founded without a legal predecessor, before the record date of the business year.

¹⁵ Subsection 3 of Section 29, Subsection 1 of Section 46 of the NGO Act. Section 12 of Government Decree No 350/2011 (XII. 30.) on certain issues of the operation of governmental organisations, collection of donations, and public benefit activities (hereafter: Decree No 350).

¹⁶ Subsection (4) of Section 28 of the NGO Act.

¹⁷ Subsection (1) of Section 30 of the NGO Act.

¹⁸ Subsection 6 of Section 3 of Decree No 479

¹⁹ Section 16 of Decree No 479

1.4 Publishing, depositing, disclosure²⁰

Organisations not registered by the Registration Court which **shall publish** their significant data pursuant to other legislation, and organisations which publish their reports at their own discretion, may meet the publication requirements - unless otherwise provided by law – as follows:

- publish their report in the Official Gazette Notices,
- provide access to it for inspection in their registered office,
- publish their report on the internet homepage,
- provide access to it in any other way specified in their accounting policy.

The deadline for disclosure is the last day of the fifth month following the balance sheet day of the current business year, unless otherwise provided by law.

Non-governmental and other non-profit organisations shall publish their report – in case of mandatory auditing, together with the auditor's report.²¹ Accordingly, organisations are **obliged to deposit and disclose** their report and the public-benefit status report accepted by the body authorized to approve – in case of mandatory auditing, together with the auditor's report –, by sending it to the National Office for the Judiciary until last day of the fifth month following the balance sheet day of the current business year.²²

If a **non-governmental organisation** has a homepage of its own, the report and the public-benefit status report shall be placed there and continuous accessibility to the data so disclosed shall be ensured at least until the disclosure of data concerning the second year of operation following the disclosure.²³

If a non-governmental organisation fails to meet its obligation to deposit and disclose the report and the public-benefit status report and does not correct the deficiency within a year, **the court may impose a fine on the non-governmental organisation ranging from HUF 10,000 to HUF 900,000.**²⁴

Organisations which **did not have their report reviewed by an auditor**, either pursuant to legislation or on the basis of a decision made at their own discretion, but are obliged to disclose their significant data pursuant to legislation, shall display the following text in each section of their report²⁵: ***"The data disclosed have not been audited."***

Organisations which do not belong to any of the above categories, and as such, **have no obligation to publish, disclose or deposit their report**, shall compile and have their report approved by the authorised body no later than the last day of the fifth month following the balance sheet day of the current business year.

²⁰ Section 17 of Decree No 479

²¹ Section 30, Subsection 1 of Section 46 of the NGO Act.

²² Sections 39-40 and Section 105 of the Court Registration Act (i.e. Act CLXXXI of 2011).

²³ Subsection (4) of Section 30 of the NGO Act.

²⁴ Subsection (5) of Section 30 of the NGO Act.

²⁵ Subsection (3) of Section 17 of Decree No 479

Public benefit organisations and their **organisational units with legal personality** – as it has already been mentioned – shall prepare a public-benefit status report simultaneously with the approval of the report, which shall be approved, deposit and disclose in the same manner.²⁶

1.5 Operations – Financial management

Non-governmental organisations manage their funds independently in order to achieve the goal defined in their instrument of constitution, they may not primarily be founded for the purposes of undertaking economic and business operations, but in order to achieve their goals – without risking it – they may undertake auxiliary business operations.²⁷

Organisations with a total annual income deriving from economic and business operations **reaching or exceeding 60% of their total annual income** are deemed **organisations established for primarily economic and business operations**²⁸ (see point 2 for more details).

If it can be established for any of the years that a non-governmental organisation was considered as an organisation primarily established for economic and business operations, NTCA initiates a **judicial control proceeding** against the non-governmental organisation²⁹.

1.6 Public benefit status

The organisation which may be classified as an organisation of public interest shall obtain such a status by being registered as a public benefit organisation³⁰.

An organisation which

- is registered in Hungary,
- undertakes a public benefit activity
- **has sufficient resources** to meet the common needs of society and individuals, moreover
- **is identifiably and adequately supported by the society, and** is a non-governmental organisation³¹ or
- is a different kind of organisation which is eligible for obtaining the public benefit status based on law

may be classified as a **public benefit organisation**³²

²⁶ Subsection (1) of Section 46 of the NGO Act.

²⁷ Section 17 of the NGO Act.

²⁸ Point 7 of Section 2 of the NGO Act.

²⁹ Section 23 of the NGO Act.

³⁰ Section 33 of the NGO Act.

³¹ Point 6 of Section 2 of the NGO Act.

³² Subsection (1) of Section 32 of the NGO Act.

Public benefit activity³³: all activities which serve the performance of the public duty defined in the instrument of constitution directly or indirectly, contributing to the satisfaction of the common needs shared by society and individuals.

Sufficient resources³⁴ are available for an organisation if at least one of the following criteria is met for the previous two closed business years of the entity:

- its average annual income exceeds HUF 1 million, or
- the aggregate taxed profit (profit of the financial year) of two years is not negative, or
- its personnel related expenditures (expenses) reach one-quarter of the total expenditures (expenses) without taking the remuneration of executive officers into account, including the total value of hours worked by persons performing voluntary activities in the public interest³⁵.

An organisation's **adequate support by society**³⁶ is detectable if at least one of the following criteria is met for the previous two closed business years:

- the amount disbursed from the amount of the determined part of the personal income tax offered to the organisation at the taxpayers' discretion reaches 2 percent of the total income calculated without the subsidies received from the subsystems of the state budget, or
- the costs and expenditures incurred due to the public benefit activity reach half of the total expenditures as an average of 2 years, or
- at least 10 persons undertaking voluntary activities in the public interest assist permanently (as an average of 2 years) in conducting its public benefit activity³⁷.

On the basis of the information of the report, the authority competent to register the public benefit status shall review the fulfilment of the above criteria on each occasion when the report is deposited, since the requirements shall be met **in two consecutive closed financial years**. If the conditions are not met, the public benefit status of the organisation - but not the organisation itself - is terminated by the court and the information thereon is deleted from its registers.

The contents of the instrument of constitution of an organisation applying for registration with public benefit status is defined by law.³⁸

Only organisations registered with public benefit status are entitled to use this title and claim allowances related to the public benefit status. **The application for registration with public benefit status may be submitted at any time**, and the public benefit status

³³ Section Point 20 of Section 2 of the NGO Act.

³⁴ Subsection 4 of Section 32 of the NGO Act.

³⁵ With regard to Act LXXXVIII of 2005 on Voluntary Activities in the Public Interest and Government Decree 350/2011 (XII. 30.) on Certain Issues of the Management of Non-governmental Organisations, Fundraising and the Public Benefit Status.

³⁶ Subsection 5 of Section 32 of the NGO Act.

³⁷ In accordance with Act LXXXVIII of 2005 on Voluntary Activities in the Public Interest (hereafter: Public Interest Act).

³⁸ Subsection 1 of Section 34 of the NGO Act.

may be acquired if the organisation meets the necessary requirements evidenced by the data of the reports of two consecutive years.

2. Corporate tax liability

Non-profit organisations are subject to corporate income tax, irrespective of the fact whether or not they undertake business operations in the particular financial year.³⁹

However, civil organisations (NGOs) and other non-profit organisations including their organisational units with legal personality do not have to file a corporate tax return, if

- they have not generated any income from business operations, or
- do not account for any related costs, expenditures in the tax year.

In this case, it is sufficient that it files a formal **statement replacing the corporate tax return** on the TAONY form provided for this purpose until **31 May** of the year following the tax year⁴⁰.

Non-governmental organizations that are **engaged in the exploitation of real estate** and are required to account for a correction may not file a statement replacing the corporate tax return. They must file a corporate tax return.⁴¹

In all other cases, it is still mandatory to submit the corporate tax return no. 29 to the competent NTCA directorate, even in the case if no tax liability was incurred in the taxation period. For example, if

- the activity of a particular organisation makes loss or breaks even, or
- is profitable, but the organisation shall not pay any taxes due to its tax exempt status.

Non-governmental organisations and other non-profit organisations **may apply** the provisions relevant to public benefit organisations **for the first time in the tax year in which they were classified as such organisation**.

The provisions relevant to the public benefit organisations – except for issuing the status certificate until the date of removal – may not be applied in the tax year, in which

- it was removed from the public benefit registration, or
- it was classified as an organisation primarily established for economic and business operations.⁴²

³⁹ Pursuant to the provisions of Act LXXXI of 1996 on Corporate Tax and Dividend Tax (hereafter: Corporate Tax Act).

⁴⁰ Subsection 8a of Section 5 of the Corporate Tax Act.

⁴¹ Subsection 8b of Section 5 of the Corporate Tax Act.

⁴² Pursuant to the NGO Act.

If the public benefit status changes **within a tax year** – except for issuing the certificate until the date of re-classification – the provisions relevant to the classification valid on the last day of the tax year shall be applicable to the entire tax year⁴³.

In the tax year in which a non-governmental organisation or other non-profit organisation **is classified as an organisation primarily established for economic and business operations**, it shall assesses its tax liability in the same manner as business organisations do, i.e. the corporate tax base shall comprise the pre-tax profit, adjusted according to the relevant provisions of the Corporate Tax Act.⁴⁴

2.1 Principal activity and business operations, determination of the corporate tax base

In the definition and separation of activities for a specific purpose (public benefit) and entrepreneurial activities (business operations), the relevant provisions of the NGO Act shall be considered. This classification of the activities shall be applicable to taxation as well.

Pursuant to the Corporate Tax Act, in case of non-governmental organisations, the pre-tax profit of **the business operations**

- shall be assessed considering the provisions of the NGO Act, in line with the pre-tax profit of business activity and business operations,
- considering that – targeted (public benefit) – activity which is not deemed as business activity and business operation under the NGO Act **shall not be deemed as business operations** under the Corporate Tax Act⁴⁵.

According to the definition of the NGO Act, **economic-business operations**⁴⁶ shall mean an economic activity on a commercial basis aimed at or resulting in the acquisition of income or property, **except for**

- accepting donation (gift),
- the activity undertaken according to the objective determined in the instrument of constitution (including the public benefit activity),
- placing or investing liquid assets in deposits, securities or shares,
- acquiring real estate, and transferring and consigning its use.

These activities shall not be deemed as business operations under the Corporate Tax Act either.

⁴³ Subsection 7 of Section 5 of the Corporate Tax Act.

⁴⁴ Subsection 11 of Section 9 of the Corporate Tax Act.

⁴⁵ Subsections 1a and 1b of Section 9 of the Corporate Tax Act.

⁴⁶ Point 11 of Section 2 of the NGO Act.

Non-governmental organisations shall maintain their **accounting records** in such manner that, based on them, the incomes, costs, expenditures, profit and loss shall be assessed separately

- in relation to their targeted (public benefit) activities, and
- their economic and business operations⁴⁷.

Non-governmental organisations shall further detail their (book-keeping) system in such manner that on its basis the incomes, expenditures (costs), expenses related to their principal activities specified under the NGO Act as well as their business operations shall be available⁴⁸.

The **public benefit status** is important in terms of the corporate tax base, pre-tax profit adjustment items and allowances, because **different rules apply to organisations of public interest and those organisations without public benefit status**. Accordingly, the Corporate Tax Act lays down special rules - with regard to public benefit organisations - for the assessment of the corporate tax base of non-profit organizations.⁴⁹

For **real estate-related income and expenses**, as a special adjustment item⁵⁰, the foundation, public foundation, association and the public corporation

- **shall decrease the pre-tax profit**
 - related to the immovable property with the to the tax year calculated amount of the depreciation pursuant to the Corporate Tax Act,
 - furthermore with regard to the acquisition, the assignment of the utilisation or the transfer of the immovable property, directly linked to which as the cost, expenditure of the (non-profit) activity pursuant to the basic objective with the amount claimed for the tax year;
- **shall increase the pre-tax profit**
 - by the amount of the depreciation calculated for the tax year in accordance with the Act on Accounting related to the immovable property
 - with regard to the acquisition, the assignment of the utilisation or the transfer of the immovable property, directly linked to which as the revenue of the (non-profit) activity pursuant to the basic objective with the amount claimed for the tax year.

The foundation, public foundation, association and the public corporation **shall modify the pre-tax profit** based on the above even **if it does not pursue operational-entrepreneurial activity in the tax year**.

⁴⁷ Section 19 of the NGO Act.

⁴⁸ Subsection 2 of Section 22 of Decree No 479

⁴⁹ Section 9 of the Corporate Tax Act.

⁵⁰ Point f) of Subsection 2 and points c)-d) of Subsection 3 of Section 9 of the Corporate Tax Act.

Incomes from principal activity

Within the scope of incomes deriving from the targeted (public benefit) activity, the NGO Act stipulates that at least the following incomes shall be shown separately⁵¹:

- a) in case of associations, the membership fee and in case of foundations, the donation received as a non-financial contribution from the founder;
- b) the amount of a determined portion of the personal income tax disbursed at the taxpayers' discretion,
- c) support received without a reimbursement obligation to compensate the costs and expenditures of the targeted (public benefit) activity, including support received for the purposes of a development implemented within the framework of the targeted (public benefit) activity,
- d) donations received for the targeted (public benefit) activity to which points a) to c) are not applicable,
- e) incomes from services provided within the framework of the targeted (public benefit) activity and from supply of goods, including, in particular,
 - ea) the consideration of the transfer or assignment of a thing or right serving exclusively the targeted (public benefit) activity, and
 - eb) the consideration for the transfer or assignment of a thing or right serving partially the targeted (public benefit) activity, and the portion which is proportionate to the targeted (public benefit) use of the right earlier,
- f) incomes generated by an activity which is not considered as economic and business operations and is not included in points a) to e), in particular
 - fa) interest, dividend, exchange rates gain and other income obtained (generated) by placing or investing liquid assets in deposits, securities or shares,
 - fb) income obtained by acquiring real estate, and transferring and assigning its use (exploitation of real estate).

In connection with this latter legal title (exploitation of real estate) it is essential that real estate shall mean – according to the conceptual definition of the Corporate Tax Act⁵² – land and all physical property attached to it.

2.2 Tax reliefs

In its system of tax reliefs, the Corporate Tax Act handles organisations which did not apply for or were not granted a public benefit status separately, furthermore it establishes the exempted rate of the business operations (tax exemption) by applying a **different calculation method** depending on the fact whether a particular organisation realises any income under the legal title of exploitation of real estate or not.

⁵¹ Subsection 1 of Section 20 of the NGO Act.

⁵² Point 18 of Section 4 of the Corporate Tax Act.

2.2.1 Tax reliefs to which public benefit organisations are entitled

Public benefit organisations shall not pay corporate tax in the tax year

- if the income from their business operations **does not exceed the amount of its preferential income**, i.e. 15 percent of its total income⁵³, or
- **if they are also engaged in the exploitation of real estate**, and regarding the amount deriving from the exploitation of real estate – accounted as an income from the targeted (public benefit) activity – as part of the income deriving from their business operations⁵⁴, the aggregate income does not exceed 15 percent of their total income.

If exceeding the preferential rate by the organisation, **the tax shall be assessed on the tax base calculated proportionately to the amount in excess of the preferential rate.**

If, according to the records of NTCA or local tax authorities, no outstanding tax liability exists on 31 December of the current tax year, the pre-tax profit of the business operations shall be increased by the same proportion of the support received for the non-business operations.

If, on the last day of the tax year the organisation has an outstanding tax liability towards NTCA or the local tax authorities, the entire amount of the support received shall be an increasing item.

The determination of the ratio exceeded depends on whether the non-profit organization carries out an activity in the exploitation of real estates in the tax year.

If the public benefit organisation exceeds the preferential rate of the tax year (15 percentage), the **ratio of the excess** may be determined according to the following quotient (it shall be calculated up to two decimal places)⁵⁵:

A) For organisations possessing no real estate:

$$\frac{VB - \Sigma B \ 15\%}{VB}$$

A) For organisations possessing real estate:

$$\frac{(VB + IB) - \Sigma B \ 15\%}{VB + IB}$$

where:

VB = the income of business operations

IB = income from a public benefit activity accounted for on the basis of acquiring real estate, or assigning or transferring its use

ΣB = total income

⁵³ Subsection 7 of Section 9 of the Corporate Tax Act.

⁵⁴ Point c) of Subsection (3) of Section 9 of Corporate Tax Act.

⁵⁵ Subsection (7) of Section 9 of the Corporate Tax Act.

Example 1:

Let's determine the corporate tax payable in 2023 by a **public benefit foundation** – possessing no real estate –, if it does not have outstanding tax liability on 31 December, and only one adjusting item occurred due to the donation received, and claims the “targeted” tax relief to which classified organisations are entitled⁵⁶;

The data of the organisation in the tax year are as follows:

- income from business operations: HUF 400,000
- cost of business operations: HUF 170,000
- pre-tax profit: HUF 230,000
- income from public benefit activity: HUF 800,000, HUF 100,000 of which is donation received
- total income: HUF 1,200,000

Preferential rate: $1,200,000 \times 15\% = \text{HUF } 180,000$, and $400,000 > 180,000$

Excess ratio: $(400,000 - 180,000) : 220,000 : 400,000 \times 100 = 55\%$

Correction calculated for donation: $(100,000 \times 55\%) \text{ HUF } 55,000$

Final (adjusted) tax base: $(230,000 + 55,000 - 46,000) \times 55\% = \text{HUF } 131,450$

Corporate tax payable: $131,450 \times 9\% \sim \text{HUF } 12,000$

The corporate tax rate is 9 % of the positive tax base.

Example 2:

Let's determine the corporate tax payable in 2023 by a **public benefit association** – possessing real estate –, with no outstanding tax liability on 31 December, if

- the income from its business operations (advertising) is HUF 20,000,000
- the income from its public benefit activity is HUF 80,000,000
- the amount of donation received is HUF 10,000,000
- the (public benefit) income from exploitation of real estate is HUF 30,000,000
- its costs incurred in relation to the exploitation of real estate are HUF 9,800,000 E Ft (together with the depreciation amount of HUF 1,600,000),
- the costs of its business operations (advertising) are HUF 4,000,000
- the depreciation accounted for the real estate in the tax year under the Accounting Act is identical with the depreciation under the Corporate Tax Act: HUF 1,600,000

Name	Values in HUF K
Income from business operations	20,000

⁵⁶ Targeted relief pursuant to Point b) of Subsection 2 of Section 9 of the Corporate Tax Act: 20 % of the pre-tax profit of the business operations is a reduction item (in the example: HUF 230 thousand \times 0,2 = HUF 46 thousand)

Cost of business operations	4,000
Pre-tax profit of business operations	16,000
Income from public benefit activity	80,000
of which: income from exploitation of real estate	30,000
donation received	10,000
other (80,000-30,000-10,000)	40,000
Total income (20,000 K + 80,000 K)	100,000
Preferential rate of income (100,000 K x 15%)	15,000
Increased amount of business operations, for calculating the ratio	50,000
Excess ratio: (50,000 K – 15,000 K)/50,000 K	70%
Correction due to donation: 10,000 K x 70% ⁵⁷	7,000
Calculated tax base (16,000 K – 3,200 K ⁵⁸ + 1,600 K ⁵⁹ – 1,600 K ⁶⁰ + 30 000 K ⁶¹ – 9,800 K ⁶² + 7,000 K)	40,000
Final tax base (40,000 K x 70%)	28,000
Corporate tax payable (9%)	2,520

2.2.2 Tax relief organisations without a public benefit status are eligible for

The tax shall not be paid by **an organisation without a public benefit status** if it does not exceed the tax-exempt value limit ensured by the Corporate Tax Act⁶³. Whether or not the organisation is engaged in the exploitation of real estate plays a crucial role in determining the value limit.

Non-profit organisations not classified as public-benefit organizations – except for national representation organisations – **shall not pay corporate tax** in the tax year,

- if the income realized from their business operations is maximum ten million forints, but does not exceed 10 per cent of total income realized in the tax year;
- if the income realized from their business operations increased by the income from exploitation of real estate⁶⁴ is maximum ten million forints, but does not exceed 10 per cent of total income realized in the tax year.

⁵⁷ Point bb) of Subsection 3 of Section 9 of the Corporate Tax Act.

⁵⁸ Targeted relief

⁵⁹ Point d) of Subsection 3 of Section 9 of the Corporate Tax Act.

⁶⁰ First sentence of Point f) of Subsection 2 of Section 9 of the Corporate Tax Act.

⁶¹ Point c) of Subsection 3 of Section 9 of the Corporate Tax Act.

⁶² Second sentence of Point f) of Subsection 2 of Section 9 of the Corporate Tax Act.

⁶³ Point a) of Subsection 1 of Section 20 of the Corporate Tax Act.

⁶⁴ Point c) of Subsection 3 of Section 9 of the Corporate Tax Act.

If an organisation without a public benefit status exceeds the tax-exempt value limit of the tax year, it shall pay the tax calculated on the entire tax base of the business operations.

These organisations assess their tax base on the basis of the general rules; however, if **they have any outstanding tax liability recorded by NTCA or the local tax authorities** on the last day of the current tax year – similar to the requirements for public benefit organisations – they shall increase the pre-tax profit of the business operations by the entire amount of the support received for the business operations⁶⁵.

Example 3:

Let's determine the corporate tax payable in 2023 by an **association without a public benefit status** – possessing no real estate –, if it does not have outstanding tax liability on 31 December, and no adjusting items occurred (the tax base equals with the pre-tax profit); its data in the tax year are as follows:

- income from business operations: HUF 400,000
- cost of business operations: HUF 170,000
- pre-tax profit: HUF 230,000

- income from targeted activity: HUF 800,000, of which HUF 100,000 is donation received
- total income: HUF 1,200,000

Given that the income from the business operations of the association exceeds the 10 percent of its total income ((400 K > 120 K), a tax liability is incurred from the first forint of the positive tax base of its business operations (and not only proportionately to the excess of the tax-exempt value limit).

Corporate tax payable: $230,000 \times 9\% = \sim \text{HUF } 21,000$

If this organisation had an **outstanding tax liability** recorded by state or local tax authorities on 31 December 2023, the **corporate tax payable** – as a result of applying the increasing item due to the donation – would be $(230,000 + 100,000) \times 9\% = \sim \text{HUF } 30,000$.

Example 4:

Let's determine the corporate tax payable in 2023 by a **foundation without a public benefit status** – possessing real estate –, with no outstanding tax liability on 31 December, if its data are identical with those in Example 2.

Name	Values in HUF K
Income from business operations	20,000

⁶⁵ Sub-point ba) of Point b) of Subsection 3 of Section 9 of the Corporate Tax Act.

Cost of business operations	4,000
Pre-tax profit of business operations	16,000
Income from targeted basic activity :	80,000
of which: income from exploitation of real estate	30,000
Total income (20,000 K + 80,000 K)	100,000
Increased amount of business operations, for calculating tax exemption	50,000
Tax exempt value limit (100,000 K x 10%) 10,000 K but 50,000 K > 10,000 K	not exempt from tax
Tax base (16,000 K + 1,600 K – 1,600 K + 30 000 K – 9,800 K)	36,200
Corporate tax payable (9%)	3,258

2.2.3 Tax reliefs to which donors are entitled

The system of rules of the Corporate Tax Act provides the sponsor with a smaller or larger amount of allowance, depending on whether it provides its financial support to the public benefit organization based on a **permanent donation contract**.

Within financial supports, a distinction should be made between those regarded as donations and those that are not considered donations in order to provide the related allowances.

Donation⁶⁶:

- financial support or grant provided in the form of assets without consideration or compensation at the asset's book value, or the cost of services provided free of charge,
- to public-benefit organizations for supporting their activities defined by the NGO Act,
- provided that - above and beyond what is provided for in this Act - such donation does not result in any financial advantage for the donor, its members (shareholders), its executive officers, any member of its board of directors or board of supervisors, its auditor, or close relatives of such persons or natural person members (shareholders), with the proviso that any reference made to the name or to the activities of the donor shall not be regarded as financial advantage.

Therefore, only public benefit non-profit organizations can accept donations. Non-profit organisations without public benefit status, even if they are non-governmental organisations - in the sense of the tax laws - cannot receive a donation, cannot issue a donation certificate to its sponsor.

⁶⁶ Point 1/a. of Section 4 of the Corporate Tax Act.

Donation certificate

The mandatory content of the certificate to be issued for donations received is set out in the Corporate Tax Act.⁶⁷ Accordingly, **the certificate shall include:**

- identification data of both parties (issuer and sponsor (corporate taxpayer)), such as name, registered office, tax number,
- the amount of the donation (grant, disbursement),
- the objective supported.

The certificate must be made available to the sponsor at the time the donation is granted, but no later than the end of the tax year.

2.2.3.1 Tax relief of the donor

The pre-tax profit of donors **shall not be increased**⁶⁸ by the amount of the support (cash, assets, services) provided **as a donation** accounted as an expenditure in the tax year, if the taxpayer has a **certificate** issued by the public benefit organisation, church or organiser of a commitment of public interest for the purposes of assessing the tax base.

The pre-tax profit of taxpayers **shall be decreased**⁶⁹,

- in the case of supporting a public benefit organisation, by **20 percent**
- in the case of a long-term donation contract, by **40 percent**

of the value of donations provided as supports for activities deemed as public benefit activities under the NGO Act, but their aggregate value shall not exceed the amount of the pre-tax profit.

Donors subject to corporate tax are entitled to reliefs exclusively in the cases and manner described above.

For example, if a company gives a donation to a church – provided the company holds the certificate –, it shall not either increase or decrease its pre-tax profit by the amount of the donation (the church receiving the donation may not be a public benefit organisation).

If the donor is not subject to corporate tax, for example, a private individual or private entrepreneur provides support, they are not entitled to any tax reliefs which they may claim.

Long-term donation⁷⁰: support in cash provided under a contract concluded in writing by a non-governmental organisation and a donor, if under the contract the donor commits itself to giving a donation

- in the year of concluding (amending) the contract and at least in the following three years,

⁶⁷ Subsection 7 of Section 7 of the Corporate Tax Act and Point B/17. of its Schedule 3.

⁶⁸ Point B/17 of Schedule No. 3 to the Corporate Tax Act.

⁶⁹ Point z) of Subsection 1 of Section 7 of the Corporate Tax Act.

⁷⁰ Point 27 of Section 2 of the NGO Act.

- at least once a year,
- of the same or an increasing value,
- without consideration,

taking into account that reference to the name and activity of the donors within the framework of the provision of public benefit services by the public benefit organisation shall not be deemed as consideration.

For the additional relief granted with regard to the long-term donation and validated as a reduction in the tax base in previous tax years, the Corporate Tax Act provides for an increase in the tax base, according to which

- **the amount of the additional relief used up increases the pre-tax profit** if the donor has not fulfilled the obligations of the contract due to the deletion of the other contracting party from the public benefit organisation register or to its termination without a legal successor, or
- **twice the amount** of the additional relief used up **increases the tax base** if the donor has not performed in accordance with the contract for any other reason.⁷¹

Upon termination of the donor without a legal successor, the pre-tax profit is increased by twice the amount of the additional relief accounted for in the tax year or earlier in respect of the long-term donation, if the donor has not fulfilled its obligations under the contract due to its termination without a legal successor in accordance with the contract.⁷²

2.2.3.2 Relief to supporters who are not donors

The pre-tax profit of a taxpayer – for example a company supporting an organisation – **shall not be increased**⁷³ by the amount of the support (cash, assets, services, assumed liabilities) which was **not provided by it as a donation** accounted for as expenditure in the tax year, if

- the allotment (benefit) is not provided to a foreign national, and
- the taxpayer has a **statement** in his/her possession from the recipient of the benefit (for example, a foundation without a public benefit status) stating that, in the tax year of the benefit, the benefit was accounted for as a revenue in the profit or loss and the pre-tax profit, tax base for the tax year when the benefit was provided will not be negative without the income this benefit represents, moreover that it pays corporate tax on that income which is to be verified **by his statement** following the compilation of his corporate tax return.

If the beneficiary is not engaged in entrepreneurial activities in the tax year when the benefit was provided, the requirement for making a statement shall be considered satisfied if the beneficiary provides a statement to the effect.

⁷¹ Point s) of Subsection 1 of Section 8 of the Corporate Tax Act.

⁷² Sub-point ce) of Point c) of Subsection 1 of Section 16 of the Corporate Tax Act.

⁷³ Point A/13 of Schedule No. 3 to the Corporate Tax Act.

- If, for example, a non-profit organization without public benefit status that does not carry on a business activity at all receives a free benefit, a statement to that effect exempts the provider from increasing its pre-tax profit. In fact, in the possession of such a declaration, any benefit given to an organization entitled to submit a TAONY form in the tax year is a recognized cost at the provider.
- Non-governmental organizations that are engaged in the exploitation of real estates and are obliged to settle a correction item in connection with it are not entitled to submit the TAONY form.⁷⁴ However, since the exploitation of real estates is not a business activity, the mere exploitation of real estates (and the application of the related adjustment items) does not preclude a non-governmental organization from making a declaration that it did not carry on a business activity in the tax year of the benefit.

If the beneficiary carries on a business activity, the condition for a statement shall be deemed to be met if the beneficiary declares that he/she has not received the benefit for his business activity or that he is not liable to pay tax on his business activity.

- For example, if an NGO without public benefit status that which carries out a business activity receives a free benefit for its basic (intended) activity, a declaration to that effect (stating that it did not receive the benefit for its business activity) exempts the donor from increasing its pre-tax profit.
- If an NGO without public benefit status receives a free benefit for its business activities, the condition for the declaration is met if the non-governmental organization declares that it does not incur a tax liability after its business activities.

In the case of **supporters being public benefit organisations**, the requirement described above (the existence of two statements) shall not be observed⁷⁵. If a public benefit organisation – for example, a public benefit foundation – provides support to any entity – for example to another foundation or even a company –, the amount of the provided support accounted for as expenditure is unconditionally considered for the tax base, the pre-tax profit of the business operations shall not be increased by this amount.

2.3 Further special cases of assessing the tax base

Non-governmental organisations and other non-profit organisations – including their organisational units with legal personality – **shall not apply** the requirements concerning the income (profit) minimum.

Interest representation organization of employers and employees⁷⁶

- an organization or federation of organisations registered by the court as an association,

⁷⁴ Subsection 8b of Section 5 of the Corporate Tax Act.

⁷⁵ Due to the provision “except for public benefit organisations” in Point A/13 of Schedule 3 to the Corporate Tax Act.

⁷⁶ Point 25 of Section 4 of the Corporate Tax Act.

- whose principal activity is to represent the interests of employees or employers as laid down in its Articles of Association,
- and which is a member of the National Economic and Social Council, as well as
- a member organisation of this organisation that operates as county, regional or trade branch.

For these organisations, the part of the pre-tax profit from business operations earned during the tax year that the organization uses to cover the costs and expenses in excess of the income from the targeted activities during the current and the following tax year **shall be deducted⁷⁷ from their tax base**. The targeted activity of the organisation is set out in the Memorandum and Articles of Association.

Regarding associations, **national interest representation organisations** – despite they are not entitled to a public benefit status – may assess their tax base by appropriately applying the provisions pertaining to public benefit organisations⁷⁸. In the case of these national interest representation organisations, it is a further peculiarity that they shall - when assessing their tax base - disregard the provisions⁷⁹ for reducing and increasing items stipulated in the Corporate Tax Act that is – among others – they **shall not apply the special adjustment items prescribed in the case of exploiting real estate**.⁸⁰

2.4 Payment and declaration of corporate tax

During the tax year, non-profit organisations shall not assess, pay or declare a corporate tax advance.

The annual corporate tax – even if its amount is zero – shall be declared in the corporate tax return provided for year 2023 and (in case of a payment liability) it shall be paid **until 31 May of the year following the tax year (2024)**. Eligible organisations make a statement in lieu of a tax return.⁸¹

3. Special personal income tax rules

The PIT Act⁸² includes **special rules pertaining to the benefits provided by non-profit organisations**. The general provisions shall be applicable to the tax liabilities of employees of public benefit organisations.

⁷⁷ Point e) of Subsection 2 of Section 9 of the Corporate Tax Act.

⁷⁸ Subsection 8 of Section 9 of the Corporate Tax Act.

⁷⁹ Points d) and f) of Subsection (2) of Section 9, Sub-point bb) of Point b of Section 3 and Points c) and d) of Section 3 of the Corporate Tax Act.

⁸⁰ Subsection (10a) of Section 9 of the Corporate Tax Act.

⁸¹ Subsections 8a and 8b of Section 5 of the Corporate Tax Act.

⁸² Act CXVII of 1995 on the Personal Income Tax (hereafter: PIT).

3.1 General rules

The determination of the tax liabilities of private individuals employed by organisations shall be **dependent on the legal relationship** of their **employment**.

The tax liability of taxpayers being in an **employment relationship** with the organisation shall be assessed in line with the rules on the income from activities other than self-employment.⁸³

However, if a private individual undertakes activities at an organisation under a long-term **agency contract**, the income deriving therefrom shall be taxable under the rules of the PIT Act pertaining to self-employment activities.⁸⁴

The activity of **officers designated or assigned** pursuant to legislation shall be deemed as an activity other than self-employment under the PIT Act, and the provisions of Sections 24 to 27 shall be applicable to their tax liability.

Employers (payers) **shall fulfil their obligations** to assess, declare and pay a tax advance **on combined incomes** in accordance with the provisions of Sections 46 to 49 of the PIT Act.

Information Booklet No 2. provides further information on the tax rules pertaining to self-employment activities.

3.2 Special provisions

3.2.1 Services not considered as income⁸⁵

Any services provided by **an association or a public corporation** which is not involved in any business operations (entrepreneurial activities)

- in exchange for a membership fee, contribution or donation paid by the private individual
- on the basis of the Articles of Association of the association or public corporation,
- in relation to its targeted activity,
- within the framework of proper execution of the law within its meaning and intent

shall not be considered as an income of the private individual whom is provided with the services.

3.2.2 Tax-exempt benefits provided by non-profit organisations⁸⁶

The tax-exempt legal titles of public purpose benefits are listed in Point 3 of Schedule 1 to the PIT Act. Thereby the law stipulates the conditions which shall be met in order to make

⁸³ Sections 24-27 of the PIT Act.

⁸⁴ Sections 16-20 of the PIT Act.

⁸⁵ Point d) of Subsection 1 of Section 7 of the PIT Act.

⁸⁶ Point 3 of Schedule 1 to the PIT Act.

tax-exempt payments (benefits), the organisations which may make these payments and the recipients of these payments.

Tax-exempt amounts paid to private individuals by public benefit foundations, public foundations – in accordance with the objectives laid down in their Articles of Association – include:

- amounts disbursed for studies pursued in educational institutions, research, foreign study trips (as scholarships),
- amounts paid as social aid to indigent persons,
- amounts paid to the participants of students' or other leisure/recreation sports not exceeding 500 forints per occasion⁸⁷.

The value of benefits in kind addressed to a private individual designated in accordance with the public benefit objective for reasons of public commitment from a public benefit association, foundation, public foundation shall also be tax-exempt (except for fringe benefits). However, **in case of benefits in cash**, supports at the most **up to** the amount of **50 percent of the minimum salary** may be considered tax-exempt.⁸⁸

This tax exemption is applicable if the foundation, public foundation or public benefit association provides the benefit in accordance with its public benefit purpose to an individual to whom the benefit is addressed in accordance with the public benefit purpose. Thus, the foundation does not necessarily have to be a public benefit foundation, but the purpose of the benefit and the individual receiving the benefit must be related to the public benefit purpose set out in the foundation's Articles of Association. On this basis, a foundation that does not have a public benefit status is also entitled to make a tax-exempt grant to an individual to whom the public benefit is addressed in accordance with the public benefit purpose set out in its Articles of Association.

The tax-exempt benefits referred above are illustrative; all tax-exempt legal titles can be found under Point 3 of the referred Schedule to the PIT Act.

However, it is important to highlight that the Act⁸⁹ shall **not prefer** the benefits which are

- addressed to **the founder, donor or supporter** –with the exception of incomes acquired in kind in the form of products or services connected directly to their treatment on a physician's advice –,
- **received by a private individual in** an employment relationship, **other work related relationship**, or other contractual relationship under the Civil Code, on the basis of which the private individual is entitled to the payment (benefit)
 - with regard to the quantitative and/or qualitative characteristics of the activity undertaken by them,

⁸⁷ Point 3.1 of Schedule 1 to the PIT Act.

⁸⁸ Point 3.3 of Schedule 1 to the PIT Act.

⁸⁹ Point 3.4 of Schedule 1 to the PIT Act.

- as consideration for the supply of goods or provision of services,
- as consideration for establishing, assigning or waiving rights,

as tax-exempt payments.⁹⁰

3.3 Entertainment⁹¹, promotional gift⁹²

The PIT Act includes a specific provision pertaining to the entertainment and promotional gifts provided by associations, public corporations, legal personality of a church, foundations (including public foundations).

From the aggregate value of the entertainment and promotional gifts provided by the referred organisations the portion of the income **shall be tax-exempt**, which

- occurred for the purposes of their public benefit and targeted activities,
- does not exceed 10 percent of the total expenditure shown in the report compiled for the tax year, and
- is maximum 10 percent of the annual income accounted for the tax year.

Such promotional gifts may be considered whose individual value does not exceed 25 percent of the minimum salary.⁹³

Organisations subject to this provision shall submit their **tax declaration and pay** their tax on the value subject to tax after the date prescribed for the assessment of the total annual income accounted for the tax year, as the liability of the month in which the total annual income is assessed.

3.4 Instructions regarding 1 % of the tax⁹⁴

Private individuals may issue a statement of instruction regarding one plus one percent of their tax, in the extent and to the beneficiary prescribed in the Use of PIT Act⁹⁵.

Separate instructions may be given on 1 percent of the tax to be paid to a beneficiary selected from “non-profit beneficiaries”⁹⁶ and on another one percent of the tax to be paid to a beneficiary selected from “religious beneficiaries”⁹⁷.

Information Booklets No. 25 and 26 provide detailed information on how instructions regarding 1 percent of the personal income tax may be given, and how beneficiaries may receive them.

⁹⁰ Point 3.4 of Schedule 1 to the PIT Act.

⁹¹ Point 26 of Section 3 of the PIT Act.

⁹² Point 27 of Section 3 of the PIT Act.

⁹³ Subsection (5) of Section 70 of the PIT Act.

⁹⁴ Section 45 of the PIT Act.

⁹⁵ Act CXXVI of 1996 on the Use of a Specified Amount of Personal Income Tax in Accordance with the Taxpayer's Instruction (hereafter: Use of PIT Act).

⁹⁶ Section 4 of the Use of PIT Act.

⁹⁷ Section 4A of the Use of PIT Act.

4. VAT issues

4.1 Non-profit organisations as subjects of Value Added Tax

Non-profit organisations may become subjects of value added tax pursuant to the general rules of the VAT Act⁹⁸ as follows.

Non-profit organisations, as organisations with a legal capacity, are subject to value added tax, if they **undertake economic activities** in their own name, regardless of the place, purpose or results of that activity⁹⁹. In terms of whether the given non-profit organization carries out an economic activity, it is not the concept of economic or business activity in the legislation applicable to non-profit organisations, but the concept of the economic activity in the VAT Act that applies.

Economic activity shall mean any business activity carried out independently – that is, in or under their own name – by non-profit organisations on a regular or continuing basis for the purposes of obtaining consideration, or that results in the obtainment of consideration.¹⁰⁰

Regarding non-profit organisation, **public corporations** may undertake activities related to executive powers – typically judicial activities in public administration – as persons or organizations authorised by the Constitution of the Republic of Hungary, or other legislation adopted under authorization conferred by the Constitution to exercise executive powers. The **activity related to executive powers shall not be an economic activity** and shall not be subject to tax¹⁰¹.

It is also considered an economic activity and this results for the non-profit organizations in being subject to VAT, **if, otherwise acting in a non-VAT capacity,**

- supplies a **new means of transport**, which is dispatched as a consignment or transported to the customer by the vendor or the customer, or on behalf of the vendor or the customer, to a destination outside the domestic territory but within the territory of the Community, regardless of whether the shipment or transport by consignment is carried out by the seller or the purchaser or, for the benefit of either of them, by anyone else¹⁰²;
- **supplies – in a series of transactions – a building or parts of a building and of the land on which the building stands,**
 - provided that it is supplied before first occupation, or
 - the period elapsing, after first occupation, between the operative date of the occupancy permit, or the date of acknowledgement of occupancy or the issuance of an official certificate certifying the construction of a dwelling house on the basis of a single notification under the Act on the Formation

⁹⁸ Act CXXVII of 2007 on Value Added Tax (hereafter: VAT Act).

⁹⁹ Subsection 1 of Section 5 of VAT Act.

¹⁰⁰ Subsection 1 of Section 6 of the VAT Act.

¹⁰¹ Subsection 1 of Section 7 of the VAT Act.

¹⁰² Point a) of Subsection 4 of Section 6 of the VAT Act.

and Protection of the Constructed Environment and the date of supply / sale is less than 2 years, or

- its first occupation for its intended purpose took place, but its intended purpose as a single unit or the number of units has been changed and less than 2 years have elapsed between the issue of the official certificate confirming this and the sale.¹⁰³

Thus, **the supply of a new means of transport to another member state of the Community and the supply of certain real estate properties in a series of transactions** shall always result for non-profit organisations in being a VAT taxpayer if they are otherwise non-taxable.

The VAT Act **contains special provisions** pertaining to non-profit organisations

- neither in respect of their specific tax liabilities (e.g. tax assessment, tax payment, receipting) or
- nor their choice of special taxation methods,

besides becoming VAT taxpayers as set out above, and as such, the general rules of the VAT Act apply to these organisations in the above-mentioned subject areas. These latter rules are set out in **Information Booklet No 14**¹⁰⁴, therefore they are not detailed in this booklet.

The basic rules for declaring a VAT liability are contained partly in ART and partly in the VAT Act, in addition, taxable persons subject to VAT shall observe the provisions of ART when they fulfil their obligation to declare VAT (determining the frequency of tax returns).

Neither ART nor the VAT Act provide separately for non-profit organisations with respect to the declaration of VAT liability and the VAT return. The above obligations are also included in Information Booklet No. 14. In addition, **Information Booklet No 1**¹⁰⁵ also contains detailed information about reporting/declaring the VAT liability.

Pursuant to the provisions of the VAT Act, non-VAT taxable legal persons, including **non-VAT taxpayer non-profit organizations, may also incur tax liability**. Provisions of the VAT Act will be detailed hereinafter which may be applicable specifically in connection with the specific (typically non-profit and charitable) activities undertaken by non-profit organisations as subjects of VAT and non-taxable legal personality.

4.2 Non-profit organisations liable to VAT

In the case of non-profit organisations liable to VAT

¹⁰³ Points b), ba), bb), bc) and c) of Subsection 4 of Section 6 of the VAT Act.

¹⁰⁴ Entitled "Useful information for start-ups (starters) in the vat regime".

¹⁰⁵ Entitled "Registering with NTCA: obtaining a tax identification number and a tax code".

- sales of goods and provision of services performed by them as tax units for consideration and within the territory of Hungary – considered as performed within the territory of Hungary, under the rules of the VAT Act –,
- intra-Community acquisition of goods performed for consideration within the territory of Hungary, and
- the importation of goods¹⁰⁶

shall be subject to value added tax.

VAT taxable non-profit organizations can **pursue** the following **only** with a **Community tax number**

- intra-Community acquisitions of goods within the meaning of Section 19, Section 21 and Section 22 (1) of the VAT Act,
- intra-Community supplies of goods pursuant to Section 89 of the VAT Act,
- the supply and acquisition of services pursuant to Section 37 of the VAT Act to or from a taxable person established in another member state of the Community for economic purposes, or - in the absence of economic establishment - to or from a taxable person whose place of residence or usual abode is in another member state of the Community, and
- intra-Community acquisitions of goods within the meaning of Section 20 of the VAT Act, designated as exceptions in connection with the exemption from the obligation to pay tax, which give rise to a tax liability in Hungary.¹⁰⁷

Non-profit organizations subject to VAT shall **notify NTCA in advance** of their intention to carry out such activities.¹⁰⁸ On the basis of a notification or application, pursuant to the provisions of law, NTCA shall issue a community tax number to the taxpayer engaged in intra-Community trading on the day of submitting the notification or application (but not sooner than the day the tax number is issued). At the same time, non-profit organizations subject to VAT **may also submit their application for a Community tax number at the same time as their application for a tax number.**¹⁰⁹

Information Booklet No 27¹¹⁰ provides detailed information on the application for and issue of Community tax number.

In connection with the activity of non-profit organisations liable to VAT, the following provisions of the VAT Act shall be highlighted.

¹⁰⁶ Points a)-c) of Section 2 of the VAT Act.

¹⁰⁷ Points a)-d) of Subsection 1 of Section 257/B and Subsection 2 of the VAT Act.

¹⁰⁸ Subsection 3 of Section 257/B of the VAT Act.

¹⁰⁹ Section 29 of ART.

¹¹⁰ Entitled “Information on the Community tax number”.

4.2.1 Tax exemption

VAT taxable non-profit organisations are typically subject to rules included in Section 85 under the subtitle “Exemptions for Certain Activities in the Public Interest” in Chapter VI entitled “Exemptions” of the VAT Act. Naturally, non-profit organisations may also undertake activities which are tax-exempt pursuant to other provisions of the VAT Act or on any other grounds, e.g. tax-exempt leasing or letting of real estate set out in Point l) of Subsection (1) of Section 86. §].

Tax-exemptions concerning specifically non-profit organisations or their activities, as public benefit activities, **may be put into two categories:**

- the first group includes such tax-exempt transactions under Points b), f), g), h), i), m) and n) of Subsection (1) of Section 85 of the VAT Act which are carried out by these organisations as providers of public services¹¹¹, while
- the other group includes tax-exempt transactions under Point l) of Subsection (1) of Section 85.

For the purposes of Section 85 of the VAT Act, public service providers shall include:

- activities of **associations, federation of non-governmental organisations, civil groupings, public corporations**, national athletic association stipulated in their bylaws (articles of association), including the activities of their facilities specified in their articles of association (charter document, memorandum of association)¹¹²;
- activities of **foundations and public foundations** as provided for in their charter document, and the activities of their institutions mentioned in the institutions' articles of association (charter document)¹¹³;
- public benefit company and not-for-profit company in respect of their activity as stated in their articles of association (statutes)¹¹⁴;
- the public benefit activities of **non-profit organisations registered as public-benefit organizations** under the Act on the Right of Association, Public Benefit Status and the Operation and Funding of Non-Governmental Organisations as specified in their articles of associations (charter document)¹¹⁵.

The tax-exempt transactions carried out by non-profit organisations considered public service providers, acting as such, shall include the following sales of goods and provisions of services:

- the provision of **human healthcare** services, closely related medical or paramedical care and transport, as well as sales of goods closely related thereto¹¹⁶;

¹¹¹ Subsection 4 of Section 85 of the VAT Act.

¹¹² Point b) of Subsection 4 of Section 85 of the VAT Act.

¹¹³ Point d) of Subsection 4 of Section 85 of the VAT Act.

¹¹⁴ Point e) of Subsection 4 of Section 85 of the VAT Act.

¹¹⁵ Point f) of Subsection 4 of Section 85 of the VAT Act.

¹¹⁶ Point b) of Subsection 1 of Section 85 of the VAT Act.

- the provision of **welfare and social care** services – other than catering, if the consideration payable is to be provided separately – and sales of goods closely related thereto¹¹⁷;
- the provision of **children and young persons' protection** services – other than catering, if the consideration payable is to be provided separately – and sales of goods closely related thereto¹¹⁸;
- the provision of **nursery care** services – other than catering, if the consideration payable is to be provided separately – and closely related sales of goods¹¹⁹;
- the provision of **public education, vocational training and higher education and other education** services **specified in Subsection (2) of Section 85 of the VAT Act** and closely related kindergarten, student hostel and dormitory services – other than catering, if the consideration payable is to be provided separately – and sales of goods closely related thereto¹²⁰;
- the provision of services closely linked to **sport or physical exercise** to natural persons taking part in sport or physical exercise, to other persons or organizations using such services for the benefit of natural persons, excluding swimming pool and beach services, the viewing of sports events, and the lease of immovable sports facilities (parts of sports facilities) for the purposes of sport and physical exercise¹²¹;
- **the arrangement and organization of exhibitions, fairs and shows of articles of folk art, applied folk art or applied arts**, and the closely related sales of unique or limited edition articles of folk art, applied folk art or applied arts approved and numbered by a panel of experts and produced without the use of any industrial technology¹²².

Tax-exempt transactions pursuant to Point l) of Subsection 1 of Section 85 of the VAT Act carried out by taxable non-profit organisations comprise

- the provision of services and the sales of goods closely linked thereto to their members
- by persons or organizations which are registered by court or admitted to other registers of the authorities, have Articles of Association (Charter Document) and membership, and are not profit-oriented either effectively or under their Articles of Association (Charter Document),
 - provided that they are financed solely by the membership contributions prescribed in accordance with their Articles of Association, applicable to all members, other similar contributions, government subsidies and other

¹¹⁷ Point f) of Subsection 1 of Section 85 of the VAT Act.

¹¹⁸ Point g) of Subsection 1 of Section 85 of the VAT Act.

¹¹⁹ Point h) of Subsection 1 of Section 85 of the VAT Act.

¹²⁰ Point i) of Subsection 1 of Section 85 of the VAT Act.

¹²¹ Points m), ma), mb) of Subsection 1 of Section 85 of the VAT Act.

¹²² Point n) of Subsection 1 of Section 85 of the VAT Act.

donations, and the profit from their own activities which may be deducted from the pre-tax profit according to the Corporate Tax Act, and that,

- consistent with the common interests, serve the objectives of representing or protecting the interests of the society in general, political interests, the interests of employees or employers, trade and professional functions, or religious or philosophical, patriotic, humanitarian, charitable and heritage preservation objectives.¹²³

On the tax-exempt transactions described above, taxable non-profit organisations

- do not pay tax,
- have no right of tax deduction pursuant to Section 120 of the VAT Act
- shall not issue invoice of the transactions in question, pursuant to Point a) of Subsection 1 of Section 165, provided they ensure that a document is issued in proof of the transaction that is recognized as an accounting document according to the Accounting Act.

Neither do non-profit organisations subject to VAT **have to file a tax return**¹²⁴ for the relevant tax assessment period, if

- supply exclusively tax-exempt services and goods which exempt from tax under Subsection 1 of Section 85 or Subsection 1 of Section 86 or Section 87 of the VAT Act, they choose individual exemption pursuant to Chapter XIII of the VAT Act, and
- have no tax liability during the tax period to be determined by way self-assessment of which they would otherwise be liable to submit a tax return to NTCA, and who have no intra-Community commercial transactions that would generate an obligation to submit a recapitulative statement pursuant to Point 1 of Annex 4/A of the VAT Act, and
- which have no right to exercise the right of deduction, or have the right of deduction, however, they do not exercise the right of deduction in that same tax period.

4.2.2 Intra-Community acquisition of goods

Taxable non-profit organisations are liable to tax on the grounds of intra-community acquisition of goods, where

- **among others**, the supplier taxpayer is not exempted in the Member State of the Community where established according to the national law of that Member State of the Community that is considered equivalent to Articles 282 to 292 of the VAT Directive¹²⁵, and
- such supply of goods falls outside the scope of Sections 29 and 32¹²⁶.

¹²³ Points l), la), lb) of Subsection 1 of Section 85 of the VAT Act.

¹²⁴ Subsection 1 and Points a) and b), ba) of Subsection 2 of Section 257 of the VAT Act.

¹²⁵ Council Directive 2006/112/EC on the common system of value added tax (hereafter VAT Directive).

¹²⁶ Point a) of Section 19 of the VAT Act.

In relation to the above transactions, taxable non-profit organisations **are not liable to tax** on the grounds of intra-Community Acquisition of goods where

- they are eligible for **individual tax exemption**, or they supply exclusively such goods and services in respect of which tax is **not deductible** (e.g. transactions specified in Subsection (1) of Section 85), and
- during the current calendar year, the total value of intra-Community acquisitions of goods does **not exceed the threshold of 10,000 Euro**, exclusive of VAT, for the year on the aggregate; and this condition is also met for the previous calendar year¹²⁷.

The above threshold shall consist of the total value, due or paid in the Member States of the Community, in which dispatch or transport of the consignment of goods began¹²⁸.

If non-profit organisation liable to tax meet the above conditions, their tax liability is generated on the grounds of intra-Community acquisition of goods only by such intra-Community acquisition of goods the value of which, exclusive of VAT, **first exceed the threshold of 10,000 Euro**. In this case, non-profit organisations subject to VAT must notify the state tax and customs authority of the excess of the threshold in accordance with the provisions on the notification of changes stipulated in the Government Decree on the detailed rules of the tax administration procedure.¹²⁹

Even without exceeding the threshold, non-profit organisations **may**, subject to prior notification lodged to NTCA, **opt for** a tax liability on intra-Community acquisition of goods, applying Paragraph a) of Section 19 of the VAT Act. In this case, they shall remain bound to this option for a period of the next two calendar years¹³⁰.

The taxable non-profit organisation shall notify NTCA about its option with regard to the subject year

- on or before the last day of the year previous to the year to which it pertains,
- if the taxpayer did not make any intra-Community acquisition of goods during the previous year, such option shall be notified for the current year prior to the first intra-Community acquisition of goods.¹³¹

Where a taxable non-profit organisation **has not exercised the option referred to above**,

- but disclosed his existing Community tax number in connection with the intra-Community acquisition of goods to the supplier of such goods, and the supplier acted accordingly,
- it shall be regarded as wishing to apply a tax liability pursuant to Paragraph a) of Section 19 to this transaction and to all subsequent transactions relating to the

¹²⁷ Points d) and db) of Subsection (1), and Subsection (2) of Section 20 of the VAT Act.

¹²⁸ Subsection 3 of Section 20 of the VAT Act.

¹²⁹ Subsection 4 of Section 20 of the VAT Act.

¹³⁰ Subsection 5 and 6 of Section 20 of the VAT Act.

¹³¹ Subsection 4 of Section 257/B of the VAT Act.

intra-Community acquisition of goods, provided that the transactions are completed by the end of the second calendar year following the year when the above-mentioned transaction is carried out¹³².

VAT taxable non-profit organisations shall notify NTCA by the 20th day of the month following the date of completion of their first intra-Community acquisition of goods as described above with the need to provide information on the fact that they act in accord with the conditions set out above.¹³³

Information Booklet No. 29¹³⁴ and No 17¹³⁵ provides further information in relation to the intra-Community acquisition of goods performed by taxable non-profit organisations, as well as Community-related transactions subject to the general rules of the VAT Act.

4.3 Tax liabilities of non-taxable non-profit organisations

Pursuant to the provisions of the VAT Act, tax liabilities may be generated by non-profit organisations which shall not be considered to be liable to VAT as described in point 1, i.e., for the purposes of the VAT Act, they are legal entities not subject to VAT (non-taxable). The activities of these non-taxable non-profit organizations (hereinafter: non-taxable non-profit organizations as legal entity) **are therefore subject to the provisions of the VAT Act concerning non-taxable legal persons.**

Non-taxable non-profit organizations as legal entities may **only** make **intra-Community acquisitions** of goods giving rise to a domestic tax liability, within the meaning of Section 20 of the VAT Act - designated as exceptions to the exemption from the obligation to pay tax – in the possession **Community tax number.**¹³⁶

Non-taxable non-profit organizations as legal entities shall notify NTCA in advance of their intention to engage in transactions described above with a view to obtaining a Community tax number.¹³⁷ On the basis of a notification or application, pursuant to the provisions of law, NTCA shall issue a community tax number to the non-taxable non-profit organizations as legal entities engaged in intra-Community trading on the day of submitting the notification or application or at the earliest, on the day the tax number is issued. The notification or application for the issue of a community tax number may be submitted together with the application for a tax number, at the same time, non-profit organizations subject to VAT may also **submit their application for a Community tax number at the same time as their application for a tax number.**¹³⁸

4.3.1 Intra-Community Acquisition of Goods

¹³² Subsection 7 of Section 20 of the VAT Act.

¹³³ Subsection 5 of Section 257/B of the VAT Act.

¹³⁴ Entitled “Community transactions - general rules of VAT”.

¹³⁵ Entitled “VAT rules for transactions of special taxpayers”.

¹³⁶ Subsection 2 of Section 257/B of the VAT Act.

¹³⁷ Subsection 3 of Section 257/B of the VAT Act.

¹³⁸ Section 29 of ART.

In principle, non-taxable non-profit organisations with legal personality shall be liable to tax on the grounds of the acquisition of goods within the territory of Hungary or, for consideration, the Community if

- the supplier of the goods which they acquire is a taxpayer not exempted in the Member State of the Community where established according to the national law of that Member State of the Community which is considered equivalent to Articles 282 to 292 of the VAT Directive, and its such supply of goods falls outside the scope of Sections 29 and 32¹³⁹;
- they acquire a new means of transport¹⁴⁰;
- they acquire products subject to excise tax, where the excise tax becomes payable in respect of the acquisitions¹⁴¹.

In relation to transactions of the first group, non-taxable non-profit organisations with legal personality **shall not be liable to pay tax** on the grounds of intra-Community acquisition of goods if during the current calendar year, the total value of intra-Community acquisitions of goods does not exceed the threshold of 10,000 Euro, exclusive of VAT, for the year on the aggregate; and this condition was also met for the previous calendar year.¹⁴²

In relation to intra-Community acquisition of goods performed by taxable non-profit organisations, the rules described in point 4.2.2 pertaining to

- determining the considerations belonging to the threshold of EUR 10,000,
- the tax liability incurred by exceeding the above threshold,
- opting for the tax liability, and
- disclosing the Community tax number

shall be applicable to the intra-Community acquisition of goods of non-taxable non-profit organisations with legal personality.

If a non-taxable non-profit organisation with legal personality liable to tax on the intra-Community acquisition of goods acquires goods and

- dispatches them as a consignment or transports them outside the territory of the Community and places them into free circulation in Hungary (that is, **carries out the importation of goods within the territory of Hungary**),
- however, the dispatch or transport of the consignment of goods ends in **another Member State of the Community**,

the non-taxable non-profit organisation with legal personality, as the importer, shall be entitled to a refund of the VAT paid in respect of the importation of the goods. The

¹³⁹ Point a) of Section 19 of the VAT Act.

¹⁴⁰ Point b) of Section 19 of the VAT Act.

¹⁴¹ Point c) of Section 19 of the VAT Act.

¹⁴² Points d) and dc) of Subsection 1, as well as points a) and b) of Subsection 2 of Section 20 of the VAT Act.

organisation can do this if it can prove that VAT has been paid on his intra-Community acquisition of goods under the legislation of the Member State of the Community in which the dispatch or transport of the consignment of goods ends.¹⁴³

Information Booklet No. 17 provides information on the intra-Community acquisition of goods by non-taxable non-profit organisations with legal personality.

4.3.2 Importation of goods

Products not in free circulation within the meaning of Article 24 of the Treaty establishing the European Community

- importation or other introduction thereof into the territory of the Community, and
- the importation or other introduction thereof into the territory of the Community of a part of the customs territory of the Community which is considered to be in the territory of a third country;

for the purposes of the VAT Act, it is considered to be the import of a product, which, as a general rule, incur a tax liability for taxable persons and non-taxable persons and organizations, including non-taxable non-profit organisations with legal personality.¹⁴⁴

The fact that a given transaction, which may be considered as an import of a product for the purposes of the VAT Act, is exempt from duty under the current customs legislation, exempts the above persons and entities from VAT on the transaction only if the VAT Act specifically provides so. That is **the range of transactions that can be identified as duty free and VAT exempt imports of goods is not the same**, or in the case of the import of a product, exemption from customs, in the absence a specific provision of the VAT Act, does not in itself result in a VAT exemption.

4.3.3 Services from abroad

If non-taxable non-profit organisations with legal personality

- have a Community tax number or should have one and
- use services the supply of which is not performed, in accordance of the main rule of the VAT Act pertaining to the place of supply of services, in the state where the non-taxable non-profit organisations with legal personality, as customers, have established their business, that is in Hungary, and which are supplied by a taxable person who has established his business outside the domestic territory, or who, in the absence of such a place of business, has his permanent address or usually resides outside the domestic territory,

non-taxable non-profit organisations with legal personality incur tax liabilities in relation to the above transactions¹⁴⁵.

¹⁴³ Subsections 2-3 of Section 21 of the VAT Act.

¹⁴⁴ Subsections 1-2 of Section 24 of the VAT Act.

¹⁴⁵ Points b), ba) and bb) of Section 36, Subsection 1 of Section 37, and Point a) of Section 140 of the VAT Act.

Information Booklet No. 17 provides information on the intra-Community acquisition of services by non-taxable non-profit organisations with legal personality.

4.3.4 Obligation to file returns and submit a recapitulative statement

Non-taxable non-profit organisations with legal personality

- shall declare - **in the appropriate lines of declaration No. 2365** - the VAT payable by self-assessment in case of acquisition of a new means of transport from another Member State of the European Union by the twentieth day of the month following that in which the tax liability incurs and pay it to NTCA;
- if they have a Community tax number, they shall declare their transactions relating to intra-Community trade by the twentieth day of the month following the one in which the tax becomes chargeable **in the relevant lines of return No. 2365** and they fulfil the related VAT liability at the same time as the tax return is filed (they do not have to declare the period during which no Community trade took place);
- if they have a Community tax number, the services received from a taxable person established outside the Community for which they are liable to tax shall be declared by the twentieth day of the month following the one in which the chargeable event takes place **in the relevant lines of return No. 2365** and they fulfil the related VAT liability at the same time as the tax return is filed.¹⁴⁶

Non-taxable non-profit organisations with legal personality holding a Community tax number are required to submit a **recapitulative statement** in accordance with Point I of Schedule 4/A of the VAT Act

- as set out in points I./1 and I./6 of Schedule 4/A,
- for their intra-Community trade transactions covered by the recapitulative statement
- by the 20th day of the month following the one in which the tax becomes chargeable
- in the relevant lines of **form No. 23A60** entitled “Recapitulative statement on the intra-Community supplies and acquisitions of goods and services”.¹⁴⁷

4.4 Tax refund on application

The rules pertaining to tax refunds on application set out in Section 257/A of the VAT Act shall have special significance for the specific activities of non-profit organisations.

If a **non-profit organization certified as a public service provider** under Points b), d), e) and f) of Subsection (4) of Section 85 of the VAT Act becomes the beneficiary of a **cash donation or aid** (together referred to as ‘donation’) **provided by a donor of foreign residence**, NTCA shall refund – on the beneficiary non-profit organisation’s written application – the tax shifted to it and paid as part of the consideration, and the tax charged in advance also assessed as tax payable, related to the acquisition of goods and services.

¹⁴⁶ Sub-points 3.3 and 3.5 of Point I/B/3 of Schedule 2 of ART.

¹⁴⁷ Point I./1, I./ 5 and I./6 of Schedule No. 4/A of the VAT Act.

This is conditional on

- the acquisition of goods and services that serve such activity indicated in the articles of association (charter document) of the beneficiary which shall be deemed as a public benefit activity based on the NGO Act,
- the donor accounts for the amount of the donation in accordance with the applicable tax provisions, under the jurisdiction of the state of which the donor is a resident,
- on the use of the donation, the donor specifically imposed the condition that the beneficiary shall be exempted from bearing the tax included in the price (fee) of goods and services,
- the beneficiary is not entitled to tax deduction rights either in full or in part¹⁴⁸.

The beneficiary non-profit organisation is entitled to tax refund rights up to the portion of the donation which is allocated to the expenses serving the public benefit activity or task indicated in its articles of association (charter document)¹⁴⁹. The compulsory data content of tax refund applications and certain rules of refunding tax are included in **Decree No 15/2010 (XII. 28.) of the Minister for the National Economy**¹⁵⁰.

5. Relevant social security provisions¹⁵¹

Social security is a regime for sharing risks within society, in which participation is compulsory according to the regulations defined by law. The insurance relationship is created on the strength of law simultaneously with the underlying legal relationship. The Act lists¹⁵² the legal relationships which are subject to the insurance obligation; these are typically related to doing work or undertaking an activity.

Pursuant to the general rules of the Social Security Act, employers shall establish the relationship that is subject to compulsory insurance and are subject to the obligations of notification, keeping records, and assessment and deduction of contributions related to insured persons.

Employer' shall mean – among others – any natural and legal person, private entrepreneur, unincorporated business association, other organization, agency funded by the central budget, any association of persons, **if they provide employment to an insured person.**

5.1 Notification obligation¹⁵³

¹⁴⁸ Points a) to c) of Subsection 1 of Section 257/A of the VAT Act.

¹⁴⁹ Subsection 2 of Section 257/A of the VAT Act.

¹⁵⁰ On the certificatory obligations of persons, organizations undertaking activities of public interest, of donors of foreign residence and of beneficiaries of cash donations from such donors and on the compulsory data content of value added tax refund applications; furthermore, on the procedural rules of subsequent refund of value added tax.

¹⁵¹ Act CXXII of 2019 on Entitlements to Social Security Benefits and on Funding These Services (hereafter: Social Security Act).

¹⁵² Section 5 of the Social Security Act.

¹⁵³ Point 3 of Schedule 1 of ART.

Employers (payers) shall, by supplying their tax identification code, name, registered office, establishment as well as the name and tax number of their legal predecessor, notify the competent NTCA Directorate, by way of electronic means on **form no. T1041**, of the following data of any insured person they employ:

- surname and forename,
- tax identification code;
- date of birth,
- commencement of the insurance relationship,
- code of the insurance relationship,
- termination of the insurance relationship,
- period of suspension of the insurance,
- weekly work time,
- FEOR number, and
- social security identification number (TAJ).

If the insured person has not been issued a tax identification code, the surname and forename at birth, the place of birth, the mother's surname and forename, and the nationality of the insured person shall also be supplied.

From 1 July 2020, natural persons engaged in an auxiliary activity under the Social Security Act are not insured¹⁵⁴, and therefore, they have no obligation to make a notification.

The notification

- on the commencement of insurance shall be made no later than **the first day of the insurance relationship**, before the commencement of employment, or, if the insurance is adjudged subsequently, no later than the day following the establishment of the insurance obligation,
- on the termination of the relationship, and the start and end of the suspension shall be made **within 8 days** following directly the start and end date of the benefit paid after the termination of the insurance.

The employer shall **issue a certificate to the insured person** on the day following the notification, or at the request of the insured person, within 3 working days, indicating the data supplied in the notification and the date when it was submitted.¹⁵⁵

In the case of fixed term employment, the notification must be made for the start of the insurance and the end of the employment relationship at the same time, at the latest on the first day of the insurance relationship, but before the employment starts. If the date of

¹⁵⁴ Pursuant to Point 11) of Section 4 of the Social Security Act a person engaged in auxiliary activities shall mean a person receiving pension on his or her own right, who is pursuing a gainful activity under contractual relationship subject to compulsory insurance according, furthermore, persons receiving widow's pension who has reached the relevant retirement age and who qualifies as a private entrepreneur or business partner, even if own-right retirement pension or dependent's benefit payments are suspended.

¹⁵⁵ Subsection 4 of Section 66 of the Social Security Act.

termination of the employment relationship is changed or the fixed term is changed to an indefinite term, the rules of this Act on the notification of changes apply.¹⁵⁶

5.2 Record keeping obligation

Employers shall keep records of the data of insured persons personally participating in their activities, of which the private individual concerned shall be given a certificate, **to provide facilities to access the information required by law from the beginning of employment (activity)**. Any employer failing to keep such records shall be subject to a penalty in accordance with the ART, separately for each person not registered.

Employers shall **maintain a register of insured persons** in accordance with specific other legislation which contains

- the insured persons' name and personal particulars,
- social security identification code,
- the employer's data,
- information relating to the insured period and service time, and
- the base and amount of contributions deducted from insured persons.

Attached to the income certificate, the employer shall issue a **statement of verification** containing the data of the register to the insured person before 31 January of the year following the current year regarding

- the length of the insured period in that year,
- the amount of contributions deducted for the tax year or for a period other than the tax year,
- the family contribution allowance claimed against particular contributions.

If the **contract of employment subject to insurance** under the social security system is **terminated during the year the statement shall be issued with immediate priority**.

The employer shall inform the insured person in writing at the time of paying the monthly wages concerning

- the amount of social security contributions and
- pension contributions **deducted from the insured person's income**, as well as
- the amount of the family contribution allowance claimed against and deducted from particular contributions, and
- the amount of contributions refunded (transferred) to the insured person due to overpayment.

¹⁵⁶ Sub-point 3.8 of Point 3 of Annex 1 of the VAT Act.

5.3 Deadline of declaring and paying contributions

The employee **shall assess social security contribution** with respect to any income paid out (provided) to the insured person based on his/her income comprising part of the contribution base, or on the lower threshold for the payment of contributions **and deduct the contributions payable**¹⁵⁷ by the insured person.

Income comprising part of the contribution base shall - among other things - include:¹⁵⁸

- a) the income from self-employment and other activities that is to be included in the consolidated tax base in accordance with the PIT Act, to the extent required to be taken into consideration when calculating the amount of tax advance.
- b) by way of derogation from point *a)*, if Hungary has no power of taxation under international convention, or in the absence of an agreement on double taxation no tax advance assessment obligation applies,
 - ba)* the base wage (if work is performed under an employment contract governed by the law of any foreign State, the monthly remuneration contracted), or at least the average gross income at the level of the national economy published by the Central Statistics Office for full-time employees for the month of July of the year preceding the given year, or - if work is performed in any work-related relationship - the monthly remuneration contracted, or
 - bb)* income earned during the given month in consideration for an activity, and accounted for that month under employment relationship, if below either the base wage (the monthly remuneration contracted) or the average gross income at the level of the national economy published by the Central Statistics for full-time employees for the month of July of the year preceding the given year.

In the cases under Paragraph a) of Subsection (1) of Section 6, the contribution base shall be at least 30 per cent of the prevailing minimum wage (hereinafter referred to as “contribution payment lower threshold”)¹⁵⁹, with the proviso that if

- a) the legal relationship underlying the insurance obligation is opened or terminated during the month,
- b) the insurance relationship does not apply to the whole month pursuant to Section 16, or
- c) the insured person is receiving sick pay, benefits for accident-related injuries during the month, or takes a leave of absence without pay for caring for a sick child below the age of twelve,

in determining the contribution payment lower threshold the calendar days provided for in Paragraphs a)-c) shall be disregarded. If the circumstances specified in Paragraphs a)-c) apply only to a specific part of the calendar month, the contribution payment lower threshold shall be calculated based on one-thirtieth of the contribution base for each calendar day.

¹⁵⁷ The table containing the rates of contributions are available on the website of NTCA (www.nav.gov.hu).

¹⁵⁸ Section 27 of the Social Security Act.

¹⁵⁹ HUF 69,600 from 1 January 2023.

The provision relevant to the contribution payment lower threshold **shall not apply** to persons engaged in an employment relationship and

- a) receiving infant care benefits, child-care benefits, child home care benefits, adoption allowance, child-care assistance benefits, child-raising benefits, nursing allowance,
- b) students pursuing full-time course of study in a public education institution under the Act on the National Higher Education, or within the framework of full-time education arrangement, pursuing studies under the Act on Vocational Training in a vocational training institution in the framework of full-time vocational education, and students attending institutions of higher education under the Act on the National Higher Education System pursuing full-time course of study.

Employers are required to **perform the contribution payment obligation payable on the difference** between the contribution payment lower threshold and the income comprising part of the contribution base actually paid. In the application of the accounting rules related to benefits, performance of the social security contribution payment obligation as explained above shall be construed to have been performed by the insured person.

Income paid (provided)

- for a period that was covered by an insurance scheme according to the Social Security Act,
- irrespective of the date, when such income was paid (provided), if at the time of payment, provisions of the contribution regulations of the European Union or another state should be applied.

shall be considered to comprise part of the contribution base.

For the assessment of the contribution base, the income comprising part of the contribution base shall be applied also **if paid after the insurance relationship was terminated.**

Where any part of the income from an insured contractual relationship for the month is **taxable** in Hungary, and **the remaining part in another country**, the contribution base shall comprise:

- a) the income from self-employment and other activities that is to be included in the consolidated tax base, and
- b) the base wage, the average gross income at the level of the national economy, the amount of the income comprising part of the contribution base assessed on the basis of the consideration for the activity to the extent commensurate for the period (calendar days), for which time the income is taxable abroad,

on the aggregate.

The amount of monthly **contribution assessed shall be declared electronically on return form no. '08** each month **by the 12th day of the following month** and be paid respectively as defined in ART¹⁶⁰.

6. Social contribution tax

Payers, and as such, non-profit organisations as well, in connection with specific income granted to natural persons, shall be liable to pay social contribution tax, in accordance with the obligation of contributing to the funding of the common needs of society¹⁶¹. The rules pertaining to the payment of social contribution tax can be read in **Information Booklet No. 49**.

7. Exemption from duties

Non-profit organisations **shall be exempt from duties (individual exemption)**, pursuant to the provisions of the Duties Act¹⁶². The organizations shall be entitled to duty exemption only if **they have no corporate tax payment liability** - in the case of non-

¹⁶⁰ The list of account numbers (IBAN account numbers) applicable to the execution of taxpayers' liabilities and subsidy claims towards the budget in relation to the taxation activity of NTCA is available on the [homepage](http://www.nav.gov.hu) of NTCA (www.nav.gov.hu).

¹⁶¹ Pursuant to Act LII of 2018 on Social Contribution Tax.

¹⁶² Act XCIII of 1990 on Duties.

resident organisations, any obligation to pay public charges corresponding to corporate income tax - incurred for revenues from business operations pursued in the calendar year preceding the time of the acquisition of property or, in case of a procedural duty, the initiation of the proceeding.

NTCA shall review ex officio the existence of the conditions for duty exemption in the case of any acquisition of property by the organisation, with the exception of the acquisition of motor vehicles and trailers¹⁶³.

In the case of acquiring motor vehicles or trailers, the organisations shall make a written statement concerning the fulfilment of the conditions for duty exemption at the time of notification for dutiable purposes. The statement shall include indication that the organization was not subject to any corporate tax payment liability on its income from business operations pursued in the calendar year prior to acquisition of the property, or in the absence of such activities.

If the duty on property acquisition became chargeable, was imposed and reported, or in case of procedural duty, the proceeding was initiated before the 150th day following the last day of the previous tax year, the organisation shall make a statement declaring that they do not anticipate to incur any tax liability.

If the commitment contained in the statement is not realized, the organization shall have the opportunity until the 180th day following the last day of the tax year to notify NTCA thereof and pay the duty subsequently **without any tax penalty**¹⁶⁴.

If an organisation **entitled to conditioned individual exemption** had been entitled to duty exemption at the initiation of the public administration or court proceeding, or in the case of the acquisition of a motor vehicle or trailer, NTCA shall refund the duty at the request of the taxpayer, in accordance with the rules pertaining to tax refunds¹⁶⁵.

Special rules applicable to foundations¹⁶⁶

For the purposes of the Duties Act, foundation shall mean

- a public-benefit foundation provided for in the NGO Act, and any foundation registered in another EEA Member State, if able to verify its compliance with the conditions laid down in the NGO Act for public-benefit status, not including registration in Hungary; furthermore,
- in the year of foundation and in the next two years, a newly established foundation that agrees to meet such conditions by the end of the second year after the year of foundation.

If the beneficiary fails to verify before the end of the second year after the year of foundation, **in spite of the commitment made**

¹⁶³ Subsection 3 of Section 5 of the Duties Act.

¹⁶⁴ Subsection 4 of Section 5 of the Duties Act.

¹⁶⁵ Subsection 3 of Section 80 of the Duties Act.

¹⁶⁶ Point v) of Subsection 1 of Section 102 and Subsection 6 of Section 87 of the Duties Act.

- the acquisition of public-benefit status within the meaning of the NGO Act as a newly established resident foundation by the end of the second year after the year of foundation, or
- of having fulfilled the conditions laid down in the Civil Act for public-benefit status, apart from the requirements prescribed for registration in Hungary, as a newly established foundation registered in another EEA Member State by the end of the second year after the year of foundation,

the duty unpaid based on the exemption claimed under Point f) of Subsection (1) of Section 5 shall be due and payable when so requested by NTCA with default interest calculated from the original due date. If the foundation is terminated said payment obligation shall accrue upon the founder or its successor.

If a non-profit organisation is liable to pay corporate tax, it may be granted an allowance with respect of the subject matter of a duty; for relevant information, please read the following information booklets:

- Duty on the quid pro quo transfer of property¹⁶⁷
- Gift duty¹⁶⁸
- Inheritance duty¹⁶⁹
- Regulations on the duties pertaining to the acquisition of motor vehicles and trailers¹⁷⁰
- Regulations on duties pertaining to tax and customs proceedings¹⁷¹

Special rules on the chargeability of duties for trust foundations are set out in **Information Booklet 38**.

8. Vocational Training Contributions

In order to ensure the developmental resources of the vocational and adult training system promoting the dynamic development of the economy, economic organisations specified as obligors by the VT Contribution Act¹⁷² shall pay vocational training contribution.

The obligation to establish and pay the vocational training contribution ceased on 1 January 2022. No advance tax is payable for the month of December 2021 and the difference between the advance paid in the tax year 2021 and the net liability for the tax year 2021 must be paid or may be reclaimed by 12 January 2022.

¹⁶⁷Information Booklet No. 19

¹⁶⁸Information Booklet No. 38

¹⁶⁹Information Booklet No. 20

¹⁷⁰Information Booklet No. 36

¹⁷¹Information Booklet No. 34

¹⁷² Sections 104-108 of Act LXXX of 2019 on Vocational Training (repealed on 01.01.2022).

9. Other contributions and charges (rehabilitation contribution, environmental protection product charges, customs)

9.1 Rehabilitation contribution

The rules pertaining to the rehabilitation contribution payment liability of employers are set out in Sections 22-24 of Point 7 of the Disabilities Act¹⁷³.

In order to promote the employment rehabilitation of persons with disabilities or impaired health, employers employing more than 25 persons shall pay a rehabilitation contribution if the proportion of persons with disabilities or with impaired health within their staff does not reach 5 percent (mandatory employment level)¹⁷⁴.

Detailed rules on the rehabilitation contribution are set out in information booklet no. 94.

9.2 Environmental Protection Product Charges¹⁷⁵

Product charge liability – as a general rule – is incurred by

- first **distributors**, who release such products into circulation in Hungary,
- persons who **use** these products for their **own purposes**, or
- **buyers upon stock** (inventory).

Products subject to product charges are

- batteries,
- packaging materials and other packaging,
- other petroleum products,
- electronic and electrical equipment,
- tyres,
- commercial advertising paper,
- other plastic products;
- other chemical products,
- office paper.

Release into domestic circulation shall mean the first domestic transfer of the ownership of the product subject to product charge free of charge or for consideration, including transfer as part or component of another product as well as transfer of packaging supplies as part of packaging.

¹⁷³ Act CXCI of 2011 on the Benefits for Persons with Disabilities or with Impaired Health and the Amendment of Certain Laws (hereafter: Disabilities Act).

¹⁷⁴ Subsection 1 of Section 23 of the Disabilities Act.

¹⁷⁵ Act LXXXV of 2011 on Environmental Protection Product Charges (hereafter: Product Charges Act).

***For example,** a foundation purchases from abroad products related to the activity which is in line with the objective defined in its charter document and distributes them in Hungary free of charge. The products are packaged for conservation purposes when they arrive directly at the foundation. The foundation shall be liable to pay product charges on the packaging materials forming a part of the packaging of the products, with respect to the fact that the release into domestic circulation is implemented by the free transfer of ownership of the products and the packaging / packaging material forming an additional part of the products.*

Use for own purposes shall mean the following, involving the product subject to product charge, including cases where it is present as a part or component of another product, or in the case of packaging supplies, as part of packaging:

- use for satisfying the obligor's or its employee's private needs,
- use within the framework of the following, as specified in the Accounting Act: basic research, applied research, research and development, investment, renewal, refurbishment, maintenance,
- any other use, including use, exploitation or permitting the use within the framework of providing services, not resulting in the creation of own-produced inventories as specified in the Accounting Act.

***For example,** a foundation directly purchases several motor vehicles from abroad for undertaking the activity determined in its charter document. In case of using motor vehicles for the purposes of the foundation, product charge liability is incurred on the products subject to product charge imported as the component or accessory of the motor vehicles (battery, tyres, lubrication oil, electric and electronic devices) under the title of use for the user's own purposes.*

Products charges shall be paid on the weight of the products placed into circulation or used for own purposes, according to the rates of charges specified in Schedule 2 and 3, or – in the case of a flat-rate payment as detailed below – in Schedule 4 of the Product Charges Act.

Activities liable to product charges shall be reported within 15 days of commencement of the activity, by using **form package no. 23TKORNY**. The product charge liability incurred in the current quarter shall, as a general rule, be **declared** electronically, and the product charge shall be **paid by the 20th of the month following the current quarter**.

Obligors may opt for flat-rate payment, if products subject to product charge are released by him/her within the quantitative limits specified in Point 6 of Section 2 of the Product Charges Act. **Their intention to pay the charge flat-rate shall be reported** to NTCA on the form mentioned already **by 31 January of the current year**, which is a forfeit deadline. For motor vehicles, flat-rate charge may be paid on components and accessories that may be reported in the manner described above. Schedule 4 to the Product Charges Act includes the rates of the product charge.¹⁷⁶

¹⁷⁶ Sub-point c) of Point 30 of Section 2 of the Product Charges Act.

No product charge shall be paid, if an organisation with a public benefit status issues **commercial advertising papers** within the scope of its principal (basic) activity. The public benefit organisation or its contracted partner acting in accordance with its assignment shall make a statement to the provider of printing services on its legal status and the public benefit use of the products ordered, as a condition for exemption.¹⁷⁷

The general and detailed rules pertaining to the environmental protection product charge obligation are included in **Information Booklet No. 48**.

9.3 Information related to the customs procedure of importation

The regulations of the European Union ensure the free movement of goods between the Member States. It means that no customs procedure is related to importation of goods from Hungary to another Member State, and from a Member State to Hungary.

9.3.1. General rules

9.3.1.1. Release for free circulation

In relation to bringing non-Community goods into to the customs territory of the European Union from a third country – e.g. Switzerland, the United States of America, China, etc. –, the requirements of the Customs Code¹⁷⁸ and the CC Implementation Regulation¹⁷⁹ and the Delegated Regulation¹⁸⁰ shall be applicable.

Goods entering the customs territory of the European Community shall be presented to customs at the customs authority competent at the place of introduction and be assigned a customs-approved treatment or use. The goods may be assigned a customs-approved treatment or use by – among others – **releasing the goods for free circulation** specified in Article 201 of the Customs Code.

Where import goods are released for free circulation, a customs debt – specified in Point 18 of Article 5 of the Customs Code – is incurred in respect of import goods brought into the territory of the European Union, pursuant to the provisions of legislation. Duties legally owed where a customs debt is incurred shall be based on the Customs Tariff of the European Communities. **The electronic version of the Customs Tariff of the European Communities (TARIC)** is available at <http://kkk.nav.gov.hu/eles/1/taricweb/>, where, after the nomenclature of goods is completed, in knowledge of the TARIC code assigned to the goods, the requirements of their import/export (customs charges, required authorizations, if any, etc.) are available.

¹⁷⁷ Point fb) of Subsection 9 of Section 3 of the Product Charges Act.

¹⁷⁸ Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the union customs code.

¹⁷⁹ Commission Implementing Regulation (EU) 2015/2447 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code.

¹⁸⁰ Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code.

Pursuant to Point c) of Section 2 of the VAT Act, VAT liability is incurred on the import of the goods upon their release into free circulation.

Articles 108-109 of the Customs Code and Section 161-164 of the Customs Act¹⁸¹ contain the provisions pertaining to the deadline and manner of paying customs debts.

9.3.1.2. EORI number

All goods intended to be placed under a customs procedure shall be covered by a **declaration for that customs procedure**, filed electronically, in accordance of the provisions set out in Article 158 of the EU Customs Code.

The EORI number shall be indicated in customs declarations submitted for the purposes of a customs procedure; this means a registration and identification number which may be used by economic operators and other persons in their relations with customs authorities within the entire territory of the European Union.

Customers with no EORI numbers yet, may apply for the number at the NTCA Directorates.

9.3.1.3. Representation

Due to the complexity of customs rules, Article 18 of the EU Customs code ensures that any natural person or entity with or without legal personality may **appoint a representative in his/her dealings with the customs authorities**. Customs representation may be direct, where the representative acts in the name and on behalf of his principal, or indirect, where the representative makes a proposal to the customs authority in his own name but on behalf of his principal.

9.3.2. Special provisions

In case of importation of goods from a third country, exemptions may be granted if several obligations set out in relevant legislation are fulfilled.

In relation to the **customs and non-Community taxes and charges** on products imported from outside the European Union,

- the **nature of the organisation** (e.g. foundation),
- the **nature of the activity** of the organisation (e.g. charity, non-profit, etc.),
- the **lack of consideration for goods** intended to be imported (e.g. purchase or donated),
- the **purpose of use** (free distribution, donation)

are **not in themselves a sufficient legal basis for obtaining import customs and tax exemptions**.

¹⁸¹ Act CLII of 2017 on the Implementation of EU Customs Code (Customs Act).

In specific cases, a **liability to pay customs, national taxes and charges may occur any time** following the release of goods in free circulation, if any infringement happens in relation to the goods imported by obtaining a relief.

In certain well-defined circumstances, where by virtue of the special conditions under which goods are imported the usual need to protect the economy is absent, the goods may enjoy relief from import duties.¹⁸² It is important to know that the standpoint of the European Community is very strict regarding the subject matter of customs reliefs: the expressions used to describe reliefs are to be interpreted strictly since they are exceptions to the general rule.

Several legal titles of the Customs Reliefs Regulation **bind the granting of customs reliefs**, and thus the admission of goods imported duty-free **to the approval of the competent authorities of Member States**.¹⁸³ On this basis, **the Tax and Customs Directorate of Large Taxpayers of NTCA shall issue at request an authorization for duty-free customs treatment required for the admission of goods** to be imported duty-free, after seeking the opinion of the minister concerned by the scope of duties. The Decree on the authorisation of duty-free customs treatment includes the list of the relevant regulations which aim to regulate the lawful performance of the particular transaction.

Chapter XVII of the Customs Reliefs Regulation – in two of its sub-chapters include, **for example**, the special cases in which goods for charitable or philanthropic organisations, basic necessities (e.g. food, medicine, clothing and bed-clothes), or other products, equipment and office materials intended for the blind and other handicapped persons – imported or sent free of charge by a person or an organisation established outside the customs territory of the Community – **shall be admitted free of import duties**.

The Articles related to the two sub-chapters pertaining to the restriction of alienation stipulate, as a general rule, that the **organisation benefiting from the relief may not lend, hire out or transfer**, whether for a consideration or free of charge, the goods and equipment for the determined purposes without prior notification to the competent authorities, if the goods and equipment are not used for the determined circle of recipients and for the determined purposes. In the case of lawful transfer of ownership it is important that the transfer shall be documented in a verifiable manner for competent authorities.

In addition to the relevant legal titles of the Customs Reliefs Regulation, other legislation may lay down further requirements in order to track goods imported free of duty and national tax. Thus, for example, in certain cases the manager or authorised representative

¹⁸² The cases and precise conditions of obtaining reliefs – broken down by legal titles, with different end-use conditions and provisions pertaining to the restraint of alienation – are governed by Council Regulation (EC) No 1186/2009 setting up a Community system of reliefs from customs duty [Customs Reliefs Regulation] as well as the related implementing regulations and national regulations. In relation to the legal titles of the Customs Reliefs Regulation, exemption from any possibly incurred value added tax is ensured by Sections 93, 94 and 97 of the VAT Act.

¹⁸³ Decree No 12/2016 (IV.29) of the Minister for the National Economy on the Detailed Rules for Implementing Duty-free Customs Arrangements (hereafter: MNE Decree).

of an institution or organisation shall make a statement that they are aware of the requirements prescribed by law and shall undertake to fulfil them.

To claim the exemption/relief, for example, the institution or organisation shall:

- dispatch the articles in question directly to the declared place of destination,
- account for the articles in their inventory,
- use the articles exclusively for the purposes specified in the Customs Reliefs Regulation,
- facilitate any verification which the competent authorities consider necessary in order to ensure that the conditions for granting admission free of import duties are satisfied, or remain satisfied¹⁸⁴.

A relief attached to products imported duty-free may be terminated on a later date and a liability to pay customs duty, national tax and charges may incur on the articles imported, if any of the following apply:

- the organisation benefiting from the relief ceases to fulfil the conditions giving entitlement to relief (e.g. the nature of the organisation is subject to change),
- used or use the articles imported duty-free in a manner or for a purpose other than the one for which the articles were imported (e.g. articles for the blind are not supplied to the persons being in their care),
- an article is lent, hired out or transferred to an organisation which is not entitled to benefit from relief without informing the competent authorities (e.g. the organisation concerned by the import of articles designed for the blind alienates the imported articles to a library, for example).

Naturally, there is no legal requirement pursuant to which the participation of any organisation or foundation in a transaction related to the importation of articles subject to the restriction of alienation would be excluded – e.g. it may fund the purchase of the articles in question, the activities related to importation, may participate in the intermediation of articles –, but exclusively organisations specified by legislation are eligible for duty-free admission of articles, and the articles admitted duty-free may be used strictly in the manner and for the purposes specified by legislation.

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¹⁸⁴ Commission Implementing Regulation (EU) No 1224/2011 for the purposes of Articles 66 to 73 of Council Regulation (EC) No 1186/2009 setting up a Community system of reliefs from customs duty.

The laws (acts) and their abbreviations in the information booklet:

Abbreviation	Name of statutory instrument
Civil Code	Act V of 2013 on the Civil Code of Hungary
NGO Act	Act CLXXV of 2011 on the Right of Association, Public Benefit Status and the Operation and Funding of Non-Governmental Organisations
Court Registration Act	Act CLXXXI of 2011 on the Court Registration of Non-Governmental Organisations and Related Procedural Rules
Decree No 479	Government Decree No 479/2016 (XII. 28.) on the reporting and book-keeping obligations of other organisations as provided in the Accounting Act
Decree No 350	Government Decree No 350/2011 (XII. 30.) on certain issues of the operation of non-governmental organisations, collection of donations, and public benefit activities
ART	Act CL of 2017 on the Rules of Taxation
Accounting Act	Act C of 2000 on Accounting
Voluntary Act	Act LXXXVIII of 2005 on Voluntary Activities in the Public Interest
Corporate Tax Act	Act LXXXI of 1996 on Corporate Tax and Dividend Tax
PIT Act	Act CXVII of 1995 on Personal Income Tax
Use of PIT Act	Act CXXVI of 1996 on the Use of a Specified Amount of Personal Income Tax in Accordance with the Taxpayer's Instruction
VAT Act	Act CXXVII of 2007 on Value Added Tax
VAT Directive	Council Directive 2006/112/EC on the common system of value added tax
MNE Decree No 15/2010	Decree No 15/2010 (XII. 28.,) of the Minister for the national Economy on the certificatory obligations of persons, organizations undertaking activities of public interest, of donors of foreign residence and of beneficiaries of cash donations from such donors and on the compulsory data content of value added tax refund applications; furthermore, on the procedural rules of subsequent refund of value added tax
Social Security Act	Act CXXII of 2019 on Entitlements to Social Security Benefits and on Funding These Services
SCT	Act LII of 2018 on Social Contribution Tax
Duties Act	Act XCIII of 1990 on Duties
Disabilities Act	Act CXCI of 2011 on the Benefits for Persons with Disabilities or with Impaired Health And the Amendment of Certain Laws
Product Charges Act	Act LXXXV of 2011 on Environmental Protection Product Charges
Product Charges Act Implementation Decree	Government Decree No 343/2011 (XII. 29.) on the implementation of Act LXXXV of 2011 on Environmental Protection Product Charges

Customs Code	Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the union customs code.
Customs Code Implementation Regulation	Commission Implementing Regulation (EU) 2015/2447 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code.
Delegated Regulation	Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code.
Customs Reliefs Decree	Council Regulation (EC) No 1186/2009 setting up a Community system of reliefs from customs duty
MNE Decree	MNE Decree No 12/2016 (IV.29.) on the Detailed Rules for the Implementation of the Duty-free customs procedure