

**Rules of Duty pertaining to the acquisition of motor vehicles and trailers  
2023**

In this Information Booklet, you can read about the cases and terms of the payable duties and the duty exemptions regarding the acquisition of motor vehicles and trailers.

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## 1. General rules

### **The inheritance, granting as gift and transfer for consideration of motor vehicles and trailers triggers the obligation to pay duty.**

For the purposes of the Duties Act<sup>1</sup>, a motor vehicle shall mean any means of road transport and tractors which are powered by built-in engines, and the registration of which is prescribed by law. (Agricultural tractors, self-propelled or towed heavy construction machinery, slow vehicles or mopeds cannot be considered a motor vehicle<sup>2</sup>

Trailer is any vehicle, which can be towed by a motor vehicle. The definition includes freight and canopied trailers, semi-trailers and caravans, which are required by law to be registered by the authorities in order for such to participate in traffic.<sup>3</sup>

The provisions of the Duties Act need to be applied to the

- granting as gifts and
- transfer for consideration, i.e. purchase

of the **ownership and property rights, right of pecuniary value** of motor vehicles and trailers (usufruct, use and operator's right) only **if the motor vehicle or trailer was bought and registered in Hungary**, unless otherwise provided for by an international agreement.

The provisions of the Duties Act must be applied to all ownership and property rights regarding motor vehicles and trailers inherited in Hungary, without exception.

The provisions of the Duties Act shall apply to movable estate inherited by a Hungarian citizen or a non-Hungarian citizen residing in Hungary or a legal entity established in Hungary, where

- **the estate is situated abroad, as well as to**
- **rights as an object of property which are part of a foreign estate,**

**if no inheritance duty or tax corresponding thereto is payable in the state in which such estate is situated.** The burden of proof to prove that the duty or tax was in fact paid abroad lies with the heir.<sup>4</sup>

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<sup>1</sup> Act XCIII of 1990 on Duties (henceforward: Duties Act).

<sup>2</sup> Point i) of Subsection (1) of Section 102 of the Duties Act.

<sup>3</sup> Point j) of Subsection (1) of Section 102 of the Duties Act.

<sup>4</sup> Subsection (1) of Section 2 of the Duties Act.

## 2. Duty on the Transfer for Consideration of a Motor Vehicle and a Trailer<sup>5</sup>

### 2.1 Motor vehicle

In respect of the acquisition of title to a motor vehicle, the rate of duty shall be determined based

- on the capacity of the motor vehicle's engine, shown in the relevant official records in kilowatts, and
- on the motor vehicle's age from the year of manufacture,

as per the following:

Engine capacity (kW)	Motor vehicle's age from the date of manufacture		
	0-3 years	4-8 years	8 years and up
0-40	HUF 550/kW	HUF 450/kW	HUF 300/kW
41-80	HUF 650/kW	HUF 550/kW	HUF 450/kW
81-120	HUF 750/kW	HUF 650/kW	HUF 550/kW
120 and above	HUF 850/kW	HUF 750/kW	HUF 650/kW

Where a motor vehicle's capacity is indicated in the official register in horsepower only, the capacity rated in horsepower shall be divided by 1.36 and the result shall be rounded according to the standard rounding rules.

Where a motor vehicle's capacity is not indicated in the official register, the tax authority shall contact the competent transportation authority, which states the motor vehicle's capacity. In this case **this data shall be recognized upon the acquisition of title to the motor vehicle as the basis for dutiable purposes.**

***Example:*** The duty payable for the acquisition of a new (0 years old), 2000 cm<sup>3</sup>, 100 kW capacity passenger car is HUF 75,000 (100×750).

### 2.2 Trailer

In respect of the acquisition of title to a trailer,

- if the permissible maximum gross weight of the trailer is less than 2,500 kg, the duty payable shall be 9,000 forints;
- in all other cases, the duty shall be 22,000 forints.<sup>6</sup>

<sup>5</sup> Subsection (1) of Section 24 of the Duties Act.

<sup>6</sup> Subsection (2) of Section 24 of the Duties Act.

If a specific percentage of the ownership right or other rights associated with a motor vehicle or a trailer, such as the right of beneficial ownership, use and operating rights is obtained, **the duty is payable on a pro rata basis for the acquired share.**

**Example:** a couple purchases the ownership right to 5-year-old, 1300 cm<sup>3</sup>, 50 kW capacity passenger car in 50-50 per cent without acquiring any right. HUF 27,500 duty is payable for the acquisition of the ownership right of the passenger car. As the husband and wife acquired the ownership right of the passenger car in 50-50 per cent, the wife and the husband each are obliged to pay HUF 13,750 duty.

### **3. Acquisition of the Right of Beneficial Ownership, Use and Operating Rights of a Motor Vehicle or a Trailer<sup>7</sup>**

In respect of the acquisition of rights in a motor vehicle or a trailer, such as

- **beneficial ownership,**
- **use or**
- **operating rights**

**25 per cent of the duty on quid pro quo transfer of property for consideration shall be charged.**

**Example:** HUF 27,500 duty is payable for the acquisition of a 5-year-old, 1300 cm<sup>3</sup>, 50 kW capacity passenger car. If the buyer acquires only the operating rights to the passenger car, then the duty payable for the operating rights will be 25 per cent of the HUF 27,500, i.e., HUF 6,875.

Where the acquisition of ownership title to a motor vehicle or trailer also involves

- the acquisition of rights, such as beneficial ownership, use or operating rights, or
- if ownership title to a motor vehicle or a trailer is transferred to a person holding beneficial ownership, use or operating rights

the amount of duty payable by the buyer shall be calculated by deducting the amount of duty charged for the acquisition of beneficial ownership, use or operating rights from the amount of duty calculated for the acquisition of ownership.

**Example:** the wife acquires the ownership right to a 5-year-old, 1300 cm<sup>3</sup>, 50 kW capacity passenger car. Simultaneously with the purchase, they establish an operating right for the consideration for the husband.

Since the transfer of property between marital partners is exempt from the duty on quid pro quo transfer of property<sup>8</sup>, and the amount of duty payable by the wife must be reduced by the amount of duty payable by the husband acquiring ownership rights, i.e., the wife is

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<sup>7</sup> Subsections (3)-(5) of Section 24 of the Duties Act.

<sup>8</sup> Sub-point zb) of Subsection of (1) of Section 26 of the Duties Act.

*obliged to pay in total HUF 20,625 (HUF 27,500-HUF 6,875) duty, while the acquisition by the husband is exempt from duty.*

#### **4. Duty Exemptions Related to the Acquisition of Motor Vehicles for Consideration**

The organisations listed in Article 5 (1) of the Duties Act shall be granted **full exemption from duties** in relation to the acquisition of motor vehicles.

The organisations described in Article 5 (1) c)-g) and m) of the Duties Act<sup>9</sup> **shall be entitled to duty exemption only if**

- they have no corporate tax payment liability incurred for revenues from business operations pursued in the tax year preceding the time of accession of wealth or initiation of the proceeding or,
- in case of a non-resident organization, have incurred no public charges payment obligation corresponding to corporate tax or,
- in case of publicly financed bodies, have incurred no payment obligation towards the central budget for their profits.

The organisation (foundation) shall **provide a statement** concerning the fulfilment of the conditions for duty exemption.

If the statement was filed within one hundred and fifty days following the last day of the fiscal year that preceded the acquisition, they shall declare in that statement that they do not anticipate incurring any tax liability. If the commitments contained in the statement are not realized, they shall have until the one hundred and eightieth day following the last day of the fiscal year that preceded the acquisition to notify the competent authority thereof and pay the duty subsequently **without any tax penalty**.<sup>10</sup>

It is **exempt from the duty** on quid pro quo transfer of property if the transfer (e.g., sale and purchase) of a motor vehicle or trailer, subject to duty

- takes place among next of kin, or marital partners or
- the acquisition is the result of the termination of the marital community property.<sup>11</sup>

**Registered partners** are entitled to all the tax reductions and exemptions that the Duties Act provides for those living in marriage.

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<sup>9</sup> Including among others the budgetary agency, the association, the Public Body, the Ecclesiastical Legal Entity, the foundation, the water management association, the Nonprofit Business Association with Public-Benefit Status, the Nonprofit Business Association with Prominently Public-Benefit Status, social co-operative with Public-Benefit Status.

<sup>10</sup> Subsections (2)-(4) of Section 5 of the Duties Act.

<sup>11</sup> Point z) of Subsection (1) of Section 26 of the Duties Act.

The acquisition of the title to motor vehicles defined by the Act on Motor Vehicle Tax as **environmental-friendly**<sup>12</sup>, or the acquisition of rights in such vehicles is **exempt from the duty on quid pro quo transfer of property**.<sup>13</sup>

The acquisition of the title, ownership right to a

- bus,
- semi-trailer, truck<sup>14</sup> and
- trailer

according to the Motor Vehicle Tax Act **by an economic operator**<sup>15</sup> is **exempt from the duty on quid pro quo transfer of property**.<sup>16</sup>

No duty shall be charged if the buyer, at the time of notification of the purchase, **requests a “Z” temporary registration plate for the purpose of exportation**. However, if the person **requests the issue of a certificate of registration for the permanent use of the motor vehicle in Hungary**, or the vehicle is **sold in Hungary**, the duty has to be paid.<sup>17</sup>

## 5. Exemption from the Duty on Quid Pro Quo Transfer of Property of Car Dealers<sup>18</sup>

Acquisition of the right of ownership in a motor vehicle or trailer

- by an entrepreneur whose net sales revenue for the previous tax year originate from the sale of motor vehicles and trailers up to at least 50 per cent (**authorised car dealer**), or
- by an **entrepreneur engaged in financial leasing activities** and registered by the agency supervising the system of financial intermediaries

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<sup>12</sup> According to Point 9 of Section 18 of Act LXXXII of 1991 on Motor Vehicle Tax (henceforward: Act on MVT) a motor vehicle is an environmental-friendly motor car if it qualifies as such on the basis of Subsection (6) of Section 2 of the Regulation 6/1990 (IV. 12.) of the Ministry of Transport Communication and Construction (MTTC) on the technical conditions of the release of road vehicles into traffic and their maintenance in traffic as effective on 1 July 2015, and environment-friendly motorbikes. According to the MTTC Regulation electronic cars and zero emission cars are environment-friendly.

<sup>13</sup> The Point w) of Subsection (1) of Section 26 of the Duties Act. As of 1 January 2017 the exemption no longer qualifies as a small amount (de minimis) subsidy since the referring Subsection [(21) of Section 26 of the Duties Act] was repealed.

<sup>14</sup> The definitions of a bus, a semi-trailer and a truck are provided by Points 6, 27 and 5 of Section 18 of the Act on MVT.

<sup>15</sup> In accordance with Point h) of Subsection (1) of Section 102 of the Duties Act economic operators are business associations, European public limited-liability companies, groupings, European economic interest groupings, European groupings of territorial cooperation, cooperative societies, housing cooperatives, European cooperative societies, water management organizations, forest management associations, state-owned companies, other state-owned economic agencies, companies of certain legal entities, bailiffs' offices, notaries' offices, law firms, patent agents' offices, voluntary mutual insurance funds, private pension funds, sole proprietorships, and private entrepreneurs.

<sup>16</sup> Point a) of Subsection (1a) of Section 26 of the Duties Act.

<sup>17</sup> Subsection (6) of Section 24 of the Duties Act.

<sup>18</sup> Point 1) of Subsection (1) and Subsection 10 of Section 26 of the Duties Act.

**shall be exempt from the duty on quid pro quo transfer of property.**

The authorised car dealer eligible for exemption **shall provide a statement to the NTCA each tax year** that he meets the condition to be eligible for exemption.

- If the notification for dutiable purposes is made **before the first day of the sixth month of the tax year**, the buyer shall provide a statement declaring that based on the distribution of the net sales revenue **he is expected to be a car dealer**.
- **If the commitments made in the statement are not satisfied**, the buyer shall have until the fifteenth day of the sixth month of the tax year when the duty becomes chargeable to notify the NTCA thereof, upon which the NTCA shall subsequently charge the duty payable for such acquisition of property, plus fifty per cent. If the audit conducted by the NTCA finds that the statement made by the buyer was false, the NTCA shall subsequently charge the duty payable for such acquisition of property multiplied by two.

**Any entrepreneur who has commenced operations as a car dealer during the tax year when the statement is made**, may assume that **at least 50 per cent of his net sales revenues for the tax year will originate from the sale of motor vehicles**. Any car dealer who notified his activity in 2021 but generated HUF 0 revenue from that activity in the year of notification also qualifies as a **starting entrepreneur**. If he purchases a car in 2023, the rules pertaining to the starting entrepreneurs may still be applied.

- **If the commitment relating to the distribution of net sales revenue is not satisfied**, the NTCA shall subsequently charge the duty that was unpaid in consequence of the statement, with a 50 per cent surcharge. The entrepreneur shall have until the 15th day of the sixth month of the year following the tax year to notify his failure to comply with the said commitment. If the audit conducted by the NTCA finds that the buyer's commitment relating to the distribution of net sales revenue is not satisfied, the NTCA shall subsequently charge the duty that was unpaid in consequence of the statement, multiplied by two.

## **6. Lessee's Obligation to Pay Duty in Leased Motor Vehicles**

A **lease transaction** is regulated in a type of contract that combines certain components of a rental and a lease agreement.

In practice there are **two types** of lease transactions:

- **operational leasing** and
- **financial leasing**.

**Within financial leasing** there is **closed-end and open-end financial leasing**.

With a **closed-end financial leasing** contract, the leased asset is automatically transferred into the ownership of the Lessee at the end of the tenor, with the payment of the last repayment/lease fee. Under contracts for the financial leasing of motor vehicles, trailers with the transfer of the ownership right at the end of the tenor (closed-end financial leasing) the obligation to pay duty on quid pro quo transfer of property arises on the date of conclusion of the contract.<sup>19</sup>

Consequently, in the case of a closed-end financial leasing – as at the end of the tenor the ownership title will be acquired automatically –, **the lessee must pay the duty for the acquisition of the ownership right** when the vehicle is re-registered. It is irrespective that during the tenor the lessee was only the operator of the vehicle while it was owned by the lessor.

Consequently, the lessee as operator pays the duty for the acquisition of the ownership right. As the ownership right to be acquired also involves the operating right to the motor vehicle, **following the acquisition of the operating right no separate duty may be imposed on the lessee.**

In an **open-end financial leasing** transaction the leased asset **will not be transferred automatically into the ownership of the lessee** at the end of the tenor, but the lessee has an option to acquire the ownership right to the vehicle.

In that case, it is not certain at the beginning of the transaction whether or not the acquisition of the ownership right will take place later. Consequently, when a motor vehicle is acquired under an open-end financial leasing transaction, the **operating right is registered for the lessee, who must pay 25 per cent of the duty payable for the acquisition of the ownership right.**

***Example:** the buyer acquires a new (age from the year of manufacturing: 0 years), 1300 cm<sup>3</sup>, 50 kW capacity motor vehicle under an open-end financial lease agreement. The duty is established pursuant to Article 24 (1) of the Duties Act:  $50 \times 650 = \text{HUF } 32,500$ .*

*The duty payable for the operating rights is 25 per cent of the HUF 32,500, i.e., HUF 8,125, which is payable by the lessee simultaneously with re-registration of the vehicle. If the lessor company is exempt pursuant to Article 26 (1) l) of the Duties Act and can certify that exemption with a resolution of the NTCA, then it does not need to pay any duty for the acquisition of ownership.)*

If at the end of the tenor of an open-end financial leasing transaction **the operator of the vehicle acquires the ownership right to the motor vehicle**, then **the duty established for the acquisition of ownership must be reduced by the duty payable for the acquisition of the operating rights**, i.e., 75 per cent of the duty imposed pursuant to Article 24 (1) and (2) of the Duties Act must be paid (Article 24 (4) of the Duties Act).

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<sup>19</sup> Subsection (7) of Section 3 of the Duties Act.



**Example:** at the end of the tenor of the open-end financial lease agreement the operator acquires the ownership right to the 5-year-old, 1300 cm<sup>3</sup>, 50 kW capacity motor vehicle. As the ownership right of the motor vehicle is acquired by its operator (the lessee), the HUF 27,500 (50×550) duty, payable for the acquisition of the ownership right to the 5-year-old motor vehicle must be reduced by the duty payable for the operating right, i.e., 25 per cent of the HUF 27,500 (and not by the amount paid earlier.).

Pursuant to Article 18 (1) of the Duties Act the duty obligation on financial leasing agreements for motor vehicles, trailers **with the transfer of ownership** at the end of the tenor arises when the contract is concluded and therefore **the total amount of the duty is payable then**, even though only the operating right is acquired, **and no further property acquisition duty is payable at the end of the transaction.**

As it was mentioned the acquisition of the title, ownership right to **bus, semi-trailer, truck and trailer** according to Act on motor vehicle Tax **by economic operator** is exempt from the duty on quid pro quo transfer of property. So, if the economic operators according to the Act on Duties acquire the mentioned motor vehicles within framework of closed-end lease or even open-ended lease **they aren't subject to duty obligation** on acquisition of property.

## 7. Inheritance and Receipt as a Gift of Motor Vehicles and Trailers<sup>20</sup>

In respect of the inheritance or donation of ownership title to or any rights in motor vehicles and trailers, the rate of the duty shall be twice the duty charged on the duty on quid pro quo transfer of property of a motor vehicle or trailer.

**Example:** when a 5-year-old, 1300 cm<sup>3</sup>, 50 kW capacity passenger car is received as a gift or is inherited, the party receiving the gift or the heir is obliged to pay HUF 55,000 duty (twice the HUF 27,500).

*If, simultaneously with the acquisition of a passenger car, the wife establishes an operating right to the motor vehicle free of charge for the husband, then the payable duty will be as follows:*

1. HUF 27,500 duty should be paid for the acquisition of the 5-year-old, 1300 cm<sup>3</sup>, 50 kW capacity passenger car,
2. and as the operating right was also acquired by the husband, the wife has to pay HUF 20,625 duty and the husband does not need to pay any duty based on exemption.

*If the operating right was acquired not acquired by the spouse free of charge, but e.g. the nephew of the owner, then twice the otherwise applicable duty, i.e., HUF 13,750 should have to be paid.*

When a motor vehicle or trailer is **inherited or granted as a gift**, it also needs to be reviewed if the inheritance or the gift took place between **next of kin relatives** (also

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<sup>20</sup> Subsection (4) of Section 12 of the Duties Act.

including relationships based on adoption) **or for the surviving or existing spouse or for spouse or sibling in which case the acquisition is exempt from duty**, i.e., no duty is payable for the acquisition of the motor vehicle.<sup>21</sup>

When a motor vehicle is acquired within the framework of **termination of the marital community property**, the transaction is also exempt from duty.<sup>22</sup>

**Registered partners** are entitled to all the tax reductions and exemptions that the Duty Act provides for those living in marriage.

The **HUF 20 million exemption** from inheritance duty cannot be applied to motor vehicles and trailers inherited by the testator's step- and foster children or step- and foster parents.<sup>23</sup>

#### **8. Payment of Duty for the Acquisition of a Motor Vehicle or Trailer<sup>24</sup>**

The duty on the acquisition of ownership of motor vehicles and trailers, or the acquisition of any rights in motor vehicles and trailers shall be paid - prior to the registration of transfer of ownership of the motor vehicle or trailer –

- by cash,
- by bank card where the proper facilities are available or,
- by way of postal money order obtained in any district office,

to the account number 10032000-06057684 titled NAV Gépjármű vagyonszerzési illeték bevételi számla (*NTCA tax revenue account for duties on acquiring motor vehicle property*).

Documents evidencing the acquisition of such rights shall be presented within 15 – for vehicles purchased abroad 60<sup>25</sup> – days of the date of issue - together with the resolution of the NTCA on exemption - at the **district office** competent for the registration thereof. The duty amount or, if the appropriate documents are presented, the applicable duty exemption, is communicated to the buyer by the district office in the course of the re-registration of the vehicle.

Any cash payment to the teller must be verified by an **accounting document** provided to the client, and it must be recorded including the name, domicile (registered address) and tax identification number of the buyer, and the amount of duty paid in. On the basis of

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<sup>21</sup> Point i) and j) of Subsection (1) of Section 16 and Point p) and w) of Subsection (1) of Section 17 of the Duties Act.

<sup>22</sup> Point v) of Subsection (1) of Section 17 of the Duties Act.

<sup>23</sup> Subsection (6) of Section 13, Point c) of Subsection (1) of Section 16 of the Duties Act.

<sup>24</sup> Section 76 of the Duties Act.

<sup>25</sup> Subsection (1) of Section 76 of the Duties Act was amended by Section 73 (4) of Act XLV of 2022 amending Certain Tax Acts. Effective from 1 January 2023.

these records, the district office shall transfer the duties collected each day to the duty revenue account of the competent NTCA by way of postal money order.<sup>26</sup>

**Irrespective of the involvement of the district office, NTCA is also the first instance authority for the purchase of vehicles and trailers.** If this is justified by a dispute or other circumstance regarding the fee to be paid, NTCA shall determine the property acquisition fee by a decision.

In the event that the asset acquirer is a person enjoying the absolute personal immunity<sup>27</sup> or if the accession of wealth - apart from the exemptions defined in the Duties Act - is exempt from duty according to Subsection (1) of Section 16, Subsection (1) of Section 17, or Subsection (1) and (1a) of Section 26, payment order will not be taken by the NTCA, **it records its decision on the exemption of duty onto the file.** The decision recorded in the file shall contain only the fact of the application of the duty exemption.<sup>28</sup>

**In the case of a tax exemption for the motor vehicle distributors and entrepreneurs dealing with financial leasing, the NTCA will still/furthermore issue a payment order,** if the circumstances of the given duty case or dispute motive/justify the tax administration procedure.

The **default penalty** applied to the delay in, or failure of, reporting the acquisition of property is imposed by the NTCA in a resolution, up to the limit of

- **HUF 200,000 for private individuals,** and
- **HUF 500,000 for other taxpayer.**<sup>29</sup>

When during the re-registration of a motor vehicle or trailer the duty

- was not paid at all, or
- was not paid by the deadline, in the required manner or in the required amount, or
- the acquisition was not notified for duty purposes,

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<sup>26</sup> Subsection (2)-(3) of Section 76 of the Duties Act.

<sup>27</sup> Point a) to b), h) to l), n) to q) and s) to t) of Subsection (1) of Section 5 of the Duties Act including among others the municipal governments and their associations, the armed forces of the Parties to the North Atlantic Treaty and other nations participating in the Partnership for Peace, which are stationed in Hungary, and the international military command posts set up under the North Atlantic Treaty, including their staff and military and civilian personnel with citizenship other than Hungarian who are employed by such armed forces and command posts, in respect of duties which are related to the service obligations of such personnel, etc.

<sup>28</sup> Subsection (1) of Section 78 of the Duties Act.

<sup>29</sup> Subsection (1) of Section 82 of the Duties Act, Section 220 of Act CL of 2017 on the Rules of Taxation (henceforward: Act on RT).

**the district office must prepare a report** and submit it to the county (metropolitan) tax directorate, competent according to the domicile of the obligor in order to impose the applicable amount of the duty.<sup>30</sup>

If the organisation (foundation) would have been eligible for duty exemption<sup>31</sup> at the time of the opening of administrative or court proceedings, or upon the acquisition of a motor vehicle or trailer, the NTCA shall refund the duty already paid - upon the taxpayer's request - according to the rules applicable to tax refunds.<sup>32</sup>

## **National Tax and Customs Administration**

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<sup>30</sup> Subsection (1)-(2) of Section 83 of the Duties Act, Subsection (6) of Section 29, of the Government Decree No.485/2015 (XII. 29.) on competence and jurisdiction of the National Tax and Customs Administration's organizational units.

<sup>31</sup> Subsection (1) of Section 5 of the Duties Act

<sup>32</sup> Subsection (3) of Section 80 of the Duties Act