



## Guide for the tax advance declaration claiming family allowance

### **Do you know that you can also submit your tax advance statement in the Online Form Filling Application (ONYA)?**

This is the easiest way to submit your tax advance statement, as the NTCA

- will pre-populate the statement with your personal data available and the data from previous statements,
- forward the completed statement electronically to the employer or payer you have specified.

The statement you filled in on the ONYA interface is stored by NTCA, so it can be edited, modified and resubmitted if necessary.

ONYA can be accessed on the NTCA website through the client gate, if you are registered therein.

If you request your **employer** or **payer of your regular income to be aggregated** to deduct the tax advance from your remuneration, applying the family allowance, complete two copies of this declaration and present it to your employer or payer!

**A tax advance declaration can be presented not only to an employer, but also to a payer who provides a regular income that is subject to aggregation.**

**The employer** is who pays wages or, in the case of a member who personally contributes to the activities of the business partnership, the business partnership. Wages include wages, and also taxable social security benefits, such as child care benefit, so the declaration can be made in such a case as well.

**A payer** is a domestic provider that provides **a regular income that is subject to aggregation** to a private individual, for example, on the basis of a contract of engagement.

**Regular income** is monthly, weekly wages, work fee, honourable fee, consideration for personal contributions, other benefits.

Before submitting the declaration, Block II to the declaration must also be filled in by your eligible spouse or registered partner. The allowance is also available to registered partners<sup>1</sup>, so the **term spouse should also include the registered partner.**

The employer, the payer, takes the declaration into account within the tax year, for payments mad after its submission. If the information provided in the declaration changes, **you must make a new declaration immediately** - you must mark this with an X in the upper right corner of Block I (**Modified declaration code box**). **No new declaration is required** if, in the tax year, the private individual **has already claimed the family allowance after the foetus**. If you change your employer during the year and make a new declaration, **it is not considered as a modified declaration.**

One copy of the declaration must be kept by the employer and you should keep the other copy, together with the documents required for the preparation of the tax return, within the term of limitation, i.e., until the end of the 5th year following the year of submitting the return.

When determining the tax advance, the family allowance **can also be claimed jointly** by the eligible spouses or registered partners by dividing the amount or the number of beneficiary dependents. If more than one person is entitled to the family allowance based on the same beneficiary dependent or if the family allowance is used jointly, the declaration must be made jointly.

*If you claim and/or apply the family allowance without a legal basis, and thus you have an obligation to pay more than HUF 10,000 in your tax return, you will have to pay 12 per cent of this as a difference-penalty together with your tax arrears.*

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<sup>1</sup> Pursuant to Section 3 (1) of Act XXIX of 2009 on Registered Partnership and Related Legislation and on the Amendment of Other Statutes to Facilitate the Proof of Cohabitation (hereinafter: Registered Partnership Act).

## Conditions for claiming the allowance

**The family allowance reduces your aggregated tax base.**<sup>2</sup> If you use this declaration to claim the family allowance, the allowance will reduce the base of the tax advance, and therefore also the amount of the tax advance payable on your income for the tax year from your employer, payer.

Depending on the number of dependents, the family allowance is **HUF 66,670 per dependent and per month of entitlement per beneficiary, HUF 133,330 for two dependents, and HUF 220,000 for three or more dependents.**

Benefiting from the family allowance means that families have a net additional income of HUF 10,000 **per month** based on **one beneficiary dependent**, HUF 20,000 higher for two dependents and HUF 33,000 for three or more dependents.

For a dependent child of a beneficiary who is a permanently ill or severely disabled person, the monthly increased amount of the allowance is HUF 66 670 per month of eligibility.<sup>3</sup>

A person with a permanent illness or severe disability<sup>4</sup> is a person who:

- is less than eighteen years of age and requires permanent or increased supervision or care because of an illness or disability as defined by special legislation.
- is over eighteen years of age and has lost at least 67% of his or her capacity for work before reaching the age of eighteen, has a degree of health impairment of at least 50%, or whose state of health, according to the classification of the rehabilitation authority, does not exceed 50% before reaching the age of eighteen and whose condition has lasted for at least one year or is expected to last for at least one year.

For example, a mother has two minor children, one of whom is severely disabled. The monthly amount of family allowance is HUF 333 330, because she can claim for the children a family allowance of HUF 133 330 per person per month and for the sick child a further HUF 66 670.

### The family allowance may be claimed by

- A private individual **who is entitled to family allowance**, such as
  - biological parents living together as spouses, registered partners,
  - also a registered partner cohabiting with the parent who shares the place of residence or stay with the child concerned and has been registered as a registered partner with the parent for at least 1 year in the Register of Declarations on Registered Partnership (they must also include the title code "a" as the title of entitlement),
  - or who proves the registered partnership with the parent with an authentic instrument issued at least one year before the application for family allowance (title code "a" must also be used by them as the title of entitlement)<sup>5</sup>.
- **Parents who take care of their child alternately from time to time on the basis of a final court decision**, are entitled to family allowance in 50-50 percent pursuant to the Family Support Act, if they ask the family support body to share the amount of the family allowance, which is determined and paid by a decision at the joint request of the parents, at a 50%-50% ratio. Parents who take care of their children alternately are entitled to the family allowance at a rate of 50-50% only if the family allowance is paid at a rate of 50-50% on the basis of a joint application by the family support body.

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<sup>2</sup> Section 29/A of Act CXVII of 1995 on Personal Income Tax (hereinafter: PIT Act).

<sup>3</sup> Government Decree No 597/2022 (XII. 28.) on Family Benefits for Families with Permanently Ill or Seriously Disabled Children.

<sup>4</sup> Section 4 f) of Act LXXXIV of 1998 on Family Support. (hereinafter: Family Support Act).

<sup>5</sup> Based on the Family Support Act.

- The parents are also entitled to a family allowance of 50-50 per cent for a child cared for alternately, so depending on the number of their own dependents, they may claim HUF 33,335 (half of HUF 66,670), HUF 66,665 (half of HUF 133,330), or HUF 110,000 (half of HUF 220,000) for a child in alternate care.
- They cannot claim the allowance jointly, but they can also claim their respective share of the allowance with their current spouses.
- The allowance cannot be claimed jointly during the year with an ineligible registered partner for family allowance living in the same household, but the allowance can also be shared with the registered partner in the year-end tax return.
- **Spouse living in the same household as the person entitled to the family allowance but not entitled to family allowance;**
  - A private individual who is not entitled to family allowance but lives in the same household as their spouse who is entitled to it may also claim the family allowance during the year. For example, if one of the spouses is a foster parent, only they are entitled to family allowance for the child raised under the applicable regulations, but his or her spouse is also entitled to claim the family allowance for the child raised by his or her spouse, so he/she is entitled to make a tax advance declaration.
  - The allowance cannot be claimed jointly during the year with an ineligible registered partner for family allowance living in the same household, but in the year-end tax return, the allowance can be shared with the registered partner.
- **A pregnant woman and her spouse living in the same household;**
  - the registered partner living in the same household as the pregnant woman is not entitled to the allowance during the pregnancy, so the partners cannot claim it together during the year, but the pregnant woman can share the allowance due to the pregnant woman with her partner in her tax return.
- **A child is entitled to family allowance in their own right and a private individual receiving disability benefit.**
  - In their case, they or the private individual chosen by a joint decision from the relatives living in the same household may claim family allowance.
  - Relatives of the child's parents should also be considered as relatives, so for example, a sibling of the deceased parent can also claim the allowance for an orphaned child living in the same household.
- A private individual who is entitled to family allowance, disability benefit or other similar benefits under the legislation of any foreign state may also claim family allowance, if other eligibility conditions are met.

**If several private individuals are entitled to the family allowance, they must by all means jointly make the declaration, even if the allowance is fully claimed by one of the beneficiaries.** Biological parents of children in alternate care do not need to make a joint declaration because they can claim 50-50 percent of the allowance independently of the other parent. If they claimed their share of the allowance jointly with their current spouses, they must jointly make the declaration with their current spouses.

#### **Beneficiary dependent is a person**

- based on whom the private individual is entitled to family allowance pursuant to the Family Support Act,
- who is entitled to the family allowance in their own right,
- who receives disability benefit,
- the foetus from the 91st day of conception until the month before its birth, on the basis of a medical certificate to that effect,

- a child cared for alternately by both parents and the spouses of the parents on the basis of a court decision, a settlement and a joint declaration made to the payer of the family allowance.

If a private individual can claim family allowance because they are entitled to family allowance, disability benefit or other similar benefits in a foreign state according to the legislation of the foreign state, they may take into account as a beneficiary dependent the child based on whom their entitlement to family allowances could be established with the appropriate application of the Family Support Act.

### **Dependent**

- is a beneficiary dependent,
- the person who may or could be taken into account for the purpose of establishing the amount of family allowance, even if
  - disability benefit and not family allowance is paid based on the beneficiary dependent,
  - for the beneficiary dependent no family allowance is established, for example for the foetus,
  - or the amount of family allowance is not affected by the number of children, such as an increased family allowance for a chronically ill child.

**Example:** There are four people in a family: a father, a mother, a full-time university student son, and the father's sister who receives disability benefit. The brother i.e., the father claims the family allowance for the person receiving the disability benefit.

Since the university student is also considered a dependent, there are two dependents in the family. For this reason, the father can claim family allowance of HUF 133,330 per month for the person receiving the disability benefit.

### **Entitlement to the family allowance**

A private individual may set off the family allowance to which they are entitled<sup>6</sup> against the social security contribution payable as an insured person if it could not be claimed in full against the personal income tax base or the advance tax base.

The amount of the family contribution benefit is 15 per cent of the part of the family allowance not claimed against the tax base or tax advance base, but not more than the amount of the social security contribution.

The family contribution discount is automatically applies by the employer or payer if the private individual declares claiming the family allowance. However, a private individual may request the employer/payer not to apply the contribution allowance and to account for only the amount of the family allowance limit that can be claimed against the advance payment of personal income tax.

As an example, if a single individual claims family allowance for 3 minor children, they can claim a family allowance of three times HUF 220,000 a month, in total HUF 660,000 as family allowance. If this private individual receives a salary of HUF 350,000 a month, the employer applies the family allowance for the part HUF 660,000 in excess of the salary, i.e. HUF 310,000, as a contribution allowance. Therefore, the employer takes into account the amount corresponding to 15 percent of the HUF 310,000 in the given month, i.e., HUF 46,500, as a contribution allowance, and does not deduct that amount as social contribution from the individual's salary.

*If you apply for the family allowance, family contribution allowance, without a legal basis, and thus you have an obligation to pay more than HUF 10,000 in your tax return, you will have to pay 12 per cent of this as a difference-penalty together with your tax arrears.*

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<sup>6</sup> INDIVIDUALS insured pursuant to Section 6 of Act CXXII of 2019 on Entitlements to Social Security Benefits and on Funding These Services.

You can find more information about family allowance and family contribution allowance on the NTCA website ([www.nav.gov.hu](http://www.nav.gov.hu)) in Information Booklet no. 73 titled "Personal income tax - tax base allowances". (This is available in Hungarian only.)

### Completing the tax advance declaration

**For Block I:** In this block, you declare to your employer or payer the family allowance you want to claim, and you must also detail the data of dependents and beneficiary dependents here.

**For Section 1:** next to the names of the dependents, the **status of the dependent**, i.e., the way they should be taken into account in the calculation of the family allowance, should be indicated in a separate code box. In the case of a foetus, use the term "foetus" instead of a name, marking the beneficiary dependent with code "1". A foetus(es) may be taken into account on the basis of a medical certificate of pregnancy from the month of the 91st day after conception until the month before the date of birth. The medical certificate does not have to be attached to the declaration, but must be kept during the period of limitation, i.e., until the end of the 5th year following the year in which the declaration was submitted.

In addition to the names of the dependents, the appropriate of the following dependent status codes must be indicated:

- Code "1" - Beneficiary dependent
- Code "2" - Dependent
- Code "3" - Child in alternating care
- Code "4" - Sick or seriously disabled person
- Code "5" - Sick or seriously disabled child in alternating care
- Code "0" - Not eligible for the allowance

A sick or seriously disabled person as coded "4" and "5" means a person who is permanently sick or seriously disabled as defined in the Family Support Act.

A person should be indicated as not eligible for the allowance with the code "0" if they were listed as a dependent or beneficiary dependent in the original declaration, but there is a change in the status of the dependent due to which they do not need to be considered for family allowance in the future. In order for the employer to be aware of the actual situation, i.e., the date from which the private individual in question is no longer a dependent, the date of the change must be indicated and the person who is no longer eligible for the allowance should be indicated with the code "0" in the amended declaration.

The names and tax identification codes of all dependents must be provided, except for those of the foetuses, as **without a tax identification code the declaration is invalid**. In addition to dependents, the title of the individual making the declaration for the allowance based on the given dependent should be indicated.

#### Eligibility titles:

- Code "a" - Spouse entitled to family allowance for a child or living in a household with such an eligible person
- Code "b" – Pregnant woman or her spouse living in the same household
- Code "c" – Individuals entitled to family allowance in their own right or relatives living in the same household with such an eligible person (including relatives of the child's parents)
- Code "d" -Individuals receiving disability benefit or living in the same household with such an eligible person (including relatives of the child's parents)

## **Date of the change**

If there is a change during the year that necessitates an amendment to the tax advance declaration, you must mark this with an X in the box marked “Amended declaration” on the declaration to the same employer!

The family allowance under the change indicated in the amended declaration may be taken into account in the payroll accounting after the date of the declaration at the earliest, regardless of whether an earlier date has been indicated as the date of the change. The purpose of indicating the date of the change is to enable the employer to provide actual information in their monthly tax and contribution returns as to the dependents based on whom you are entitled to family allowance, and from what time you are entitled or not entitled to family allowance. However, it is not an obligation for the employer to settle the family allowance retroactively to the date of the change if you do not amend your tax advance declaration in the month in which the change occurs but only at a later date.

In **Section 2**, please mark with an X in the box provided whether you wish to claim the family allowance alone or together with your eligible spouse or registered partner!

**For Section 3:** You can only claim the family allowance under the PIT Act, **if – you have not received or are not receiving** the same or a similar **allowance** for the same period **in another state**, where your income from self-employment and not from self-employment, pension and other similar income from previous employment is taxable – under the provisions of international double taxation conventions.

A foreign tax resident private individual can claim the allowance in Hungary only if **75%** of all their income earned in the tax year, including income that is not taxable in Hungary, **is taxed in Hungary**. The total income earned in a tax year includes income from self-employment and non-self-employment, including in particular entrepreneurial income and the entrepreneurial dividend base or flat tax base, as well as pensions and other similar income from previous employment, regardless of the country in which they are taxable.

**If you are a foreign tax resident, you must also complete the declaration titled “Supplementary declaration for foreign tax resident private individuals for claiming tax base allowance” in order to claim the family allowance. The tax identification code must also be entered in this case!**

**For Section 4:** In this section you can ask your employer to apply the family allowance indicated below only against the personal income tax advance base, but not against the contribution base. If you make this declaration, your employer will not apply the contribution allowance, even if your tax advance base does not cover the full amount of the family allowance indicated in Section 5.

In **Section 5**, you declare that you wish to claim the family allowance. You can specify the family allowance you wish to claim by indicating both the amount [row (a)] and the number of beneficiary dependents [row (b)].

If there is a sick or severely disabled person among the beneficiary dependants (dependent category "4" or "5"), the allowance can be divided among the beneficiaries only by specifying the amount.

If the amount indicated, or the amount due based on the number of the indicated beneficiary dependents is higher than your income, such as wages, the difference will be taken into account as a contribution allowance by the payer, provided that you are insured and have not made a declaration in Section 4.

If in row a) of the declaration you indicate an amount less than the maximum amount of the family allowance calculated on the basis of the number of the beneficiary dependents, or in row b) you indicate a number lower than the number of the beneficiary dependents, your eligible spouse or registered partner can also claim the remaining allowance with a declaration submitted to their employer, payer.

**For Block II:** the rows must be filled in with the details of your spouse or registered partner if you need to make a joint declaration. If your spouse or registered partner has an employer who establishes a tax advance, a payer who provides regular income, then their name and tax number must be indicated here.

There is no need to make a joint declaration with the former spouse or registered partner who claims the 50-50 percent allowance for a child in alternating care.

**For Block III:** this must be filled in by your employer (payer).