# 12 COUNTRIES.
# 12 TAX SYSTEMS.

The year 2024 brings changes in the areas of taxes, duties and social contributions in all CEE and SEE countries. This special newsletter covers essential changes effective as of 2024.

TPA offers an overview of the most important tax innovations of 2024.


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# Hungary

**New tax allowances**

There are new tax allowances available. On one hand, a tax allowance (up to 35 % of the value of the investment) may be claimed on a temporary basis until 31 December 2025 for investments in the transition to a net zero emission economy (e.g. the manufacture of equipment necessary for the transition to a net-zero emission economy, namely batteries, solar panels, wind turbines, heat pumps, electrolysers and equipment for carbon capture and storage), on the other hand a new tax allowance will be available, called R&D tax allowance. The tax allowance is based on the direct (own) costs of basic research, applied (industrial) research and experimental development in the accounting sense.

**One-off tax amnesty on disclosed participation**

When acquiring a share, it is possible to register the share as disclosed participation with the tax authority within the time limit specified by law. The most important benefit of disclosed participation is that the gain on the sale of the disclosed participation after continuously holding the shares for 1 year is exempt from tax. In case of a shareholding that is not a disclosed participation as of 30 December 2023, the taxpayer may obtain the status of a disclosed participation at its option by filing the relevant declaration by the deadline for filing the annual corporate income tax return for the tax year 2023.

If the taxpayer makes use of the registration option provided by the above amnesty, the 9% corporate income tax shall be declared and paid on 20% of the positive difference between the market value applied between unrelated parties and the book value as of 31 December 2023, the deadline for which is also the filing of the annual return.

**Limitations on the deductibility of royalty and interest payments**

A new limit on the deductibility of expenses shall be applicable in case of royalty and interest payments to countries that are included in the EU list of non-cooperative countries and territories, or that are classified as zero or low tax rate jurisdictions (which include any jurisdiction where the statutory corporate income tax rate is lower than the Hungarian corporate tax rate).

**Loss carry-forward**

The limitation effective until 31 December 2030 on loss carry-forwards for losses incurred before the tax year 2015 is removed. As a result, these losses can be carried forward indefinitely and the time limit for their use has been removed.

**VAT**

Deduction of input VAT on domestic real estate purchases by foreign taxable persons
Foreign taxable persons not registered in Hungary may not deduct input VAT on goods or services purchased or imported in Hungary by filing a VAT return in Hungary but may claim it back under a separate procedure.

**Global Minimum Tax**

A global minimum tax will be introduced in Hungary in several stages from 2024. The global minimum tax will apply to groups of companies with an annual turnover in the consolidated accounts of the ultimate parent company of at least EUR 750 million in at least two of the four tax years immediately preceding the tax year. Under the new rules, the companies concerned may be subject to significant administrative burdens and additional tax liabilities.