

Hungary

Table HU.1: Tax Revenue

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Ranking 2015	Revenue 2015 (billion euros)
A. Structure by type of tax															
as % of GDP															
Indirect taxes	15.5	16.1	15.5	15.0	15.9	15.7	16.5	17.6	17.5	18.7	18.5	18.5	18.9	3	20.8
VAT	8.1	8.7	8.3	7.5	7.9	7.6	8.3	8.6	8.4	9.2	8.9	9.3	9.7	2	10.7
Taxes and duties on imports excluding VAT	1.1	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	20	0.2
Taxes on products, except VAT and import duties	5.9	6.4	6.4	6.8	7.1	7.1	7.1	7.3	7.3	7.6	7.6	7.2	7.2	1	7.9
Other taxes on production	0.5	0.6	0.7	0.7	0.8	0.8	0.9	1.6	1.6	1.8	1.9	1.9	1.9	11	2.1
Direct taxes	9.4	8.9	8.9	9.2	10.2	10.4	9.7	7.9	6.3	6.8	6.6	6.8	7.1	23	7.7
Personal income taxes	6.9	6.5	6.5	6.6	7.1	7.5	7.2	6.4	4.9	5.3	5.0	4.9	5.0	20	5.5
Corporate income taxes	2.2	2.1	2.1	2.3	2.7	2.6	2.1	1.2	1.1	1.3	1.2	1.5	1.7	25	1.8
Other	0.3	0.3	0.4	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.4	0.4	0.4	23	0.4
Social contributions	12.4	12.1	12.3	12.3	13.5	13.5	12.9	11.9	13.0	13.0	12.9	12.9	13.1	9	14.4
Employers'	9.7	9.3	9.5	9.3	9.6	9.6	9.0	7.7	7.8	7.5	7.4	7.5	7.6	10	8.4
Households'	2.7	2.8	2.8	3.0	3.9	3.9	3.8	4.2	5.2	5.4	5.5	5.4	5.5	12	6.0
Less: capital transfers ⁽²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Total	37.3	37.0	36.7	36.6	39.5	39.6	39.1	37.4	36.8	38.5	38.1	38.2	39.1	8	42.9
B. Structure by level of government															
as % of total taxation															
Central government	58.1	57.8	57.3	57.3	57.1	61.7	62.2	62.8	59.1	60.6	60.2	60.8	60.5	15	26.0
State government ⁽¹⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.
Local government	11.4	12.0	11.6	11.7	11.1	6.4	6.7	6.5	6.5	6.3	5.9	5.6	5.8	14	2.5
Social security funds	30.5	29.9	30.6	30.6	31.3	31.3	30.7	30.4	34.0	32.9	33.6	33.2	33.3	9	14.3
EU institutions	n.a.	0.2	0.5	0.4	0.5	0.5	0.4	0.3	0.4	0.3	0.3	0.4	0.4	17	0.2
C. Structure by economic function															
as % of GDP															
Consumption	14.3	14.6	14.0	13.4	14.0	13.7	14.4	14.3	14.2	15.2	15.8	15.9	16.4	2	18.0
Labour	18.2	17.6	17.8	17.9	19.5	20.2	18.7	17.5	17.2	17.7	17.4	17.4	17.6	11	19.3
of which on income from employment	17.9	17.3	17.5	17.5	18.7	19.2	18.1	17.0	16.9	17.5	17.3	17.3	17.5	10	19.2
Paid by employers	9.8	9.4	9.7	9.5	9.8	9.8	9.3	8.1	8.3	8.1	7.9	8.0	8.1	10	8.9
Paid by employees	8.1	7.8	7.8	8.0	8.9	9.4	8.9	8.9	8.6	9.4	9.3	9.3	9.4	10	10.3
Paid by non-employed	0.3	0.3	0.3	0.3	0.8	0.9	0.6	0.5	0.3	0.2	0.2	0.1	0.1	25	0.1
Capital	4.8	4.8	4.9	5.3	6.1	5.7	6.0	5.6	5.4	5.6	4.8	4.9	5.1	22	5.6
Income of corporations	2.2	2.1	2.1	2.3	2.7	2.6	2.2	1.2	1.2	1.3	1.3	1.6	1.8	25	1.9
Income of households	0.7	0.6	0.6	0.6	0.7	0.4	1.0	0.7	0.5	0.5	0.5	0.5	0.5	17	0.6
Income of self-employed	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	21	0.7
Stock of capital	1.4	1.7	1.7	1.8	2.0	2.1	2.1	3.1	3.1	3.2	2.4	2.3	2.2	10	2.5

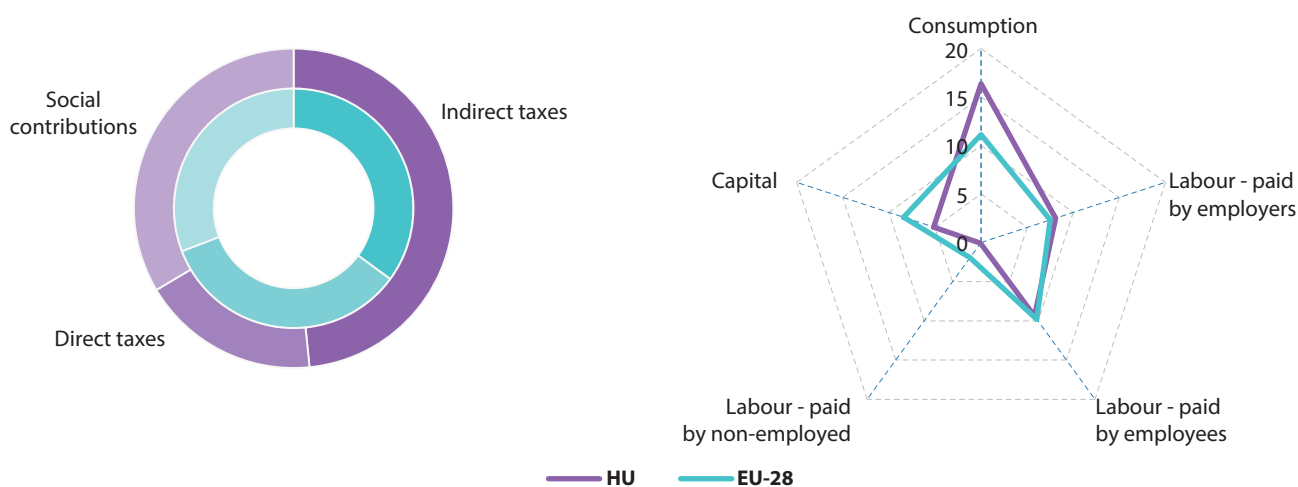
Table HU.1: Tax Revenue (continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Ranking 2015	Revenue 2015 (billion euros)
D. Environmental taxes as % of GDP															
Environmental taxes	2.6	2.8	2.7	2.8	2.8	2.7	2.6	2.8	2.6	2.7	2.6	2.6	2.6	14	2.9
Energy	2.0	1.9	2.1	2.1	2.0	1.9	2.0	2.2	2.1	2.0	1.9	1.9	1.9	13	2.1
of which transport fuel taxes	:	:	1.8	1.9	1.8	1.7	1.8	1.9	1.8	1.7	1.7	1.7	1.7	9	
Transport	0.4	0.8	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.5	16	0.5
Pollution and resources	0.18	0.17	0.13	0.14	0.14	0.16	0.17	0.10	0.09	0.23	0.21	0.21	0.26	5	0.3
E. Property taxes as % of GDP															
Taxes on property	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.1	1.1	1.2	1.2	1.2	1.2	15	1.4
Recurrent taxes on immovable property	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.6	0.5	0.6	17	0.6
Other taxes on property	0.6	0.6	0.6	0.6	0.5	0.6	0.5	0.8	0.8	0.8	0.7	0.7	0.7	9	0.8
F. Implicit tax rates %															
Consumption	25.3	26.6	25.5	24.8	25.7	25.3	26.4	26.8	26.4	27.9	29.8	31.0	32.4	1	
Labour	40.0	39.1	39.0	39.5	41.9	43.2	41.0	39.5	39.4	40.7	40.6	41.0	41.8	4	
G. Payable tax credits as % of GDP															
Total payable tax credits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tax expenditure component	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Transfer component	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total tax revenue adjusted for payable tax credits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(¹) This level refers to the *Länder* in Austria and Germany, the *gewesten and gemeenschappen / régions et communautés* in Belgium, and the *comunidades autónomas* in Spain.

(²) Representing taxes assessed but unlikely to be collected.

Source: DG Taxation and Customs Union, based on Eurostat data

Figure HU.1: Tax revenues by main taxes, compared to EU-28, 2015 (in % of total taxation (left graph) and in % of GDP (right graph))

Source: DG Taxation and Customs Union, based on Eurostat data

Table HU.2: Latest tax reforms

Description of measure	Change	Date
Personal income tax: Unincorporated businesses/Self employment income		
In accordance with the CIT rate changes the PIT rate for private entrepreneurs decreased from 10 % to 9 %.	Rate decrease	Announcement: 20-12-2016 Legislation: 20-12-2016 In force from: 01-01-2017
Social security contributions: Employer		
Employer's payroll tax decreased from 27 % to 22 % in 2017, then from 22 % to 20 % in 2018, additionally several conditional decreases have been placed in the law. If the employers increase the wages there would be 5 more cuts, one 0.5 percentage point cut and four 2 percentage point cuts. Additionally tax benefits have been aligned with the new rates.	Rate decrease	Announcement: 22-11-2016 Legislation: 20-12-2016 In force from: 01-01-2017 01-01-2018
In accordance with the SCT rate changes, the health contribution (EHO) rate was cut to 22 percentage points and will be 20 percentage points in 2018 Change in the taxation of fringe benefits: The tax base correction 1.19 was lowered to 1.18 Under the yearly limit the tax burden is 16 % personal income tax and 14 % health contribution (EHO) on a base of 1.18, above the limit the health care tax is 22 % on a base of 1.18. The health contribution (EHO) 6 % rate was abolished on interest, 15 % (EHO payable by agricultural smallholders) rate was merged into the 14 % rate, 20 % (EHO payable by private individuals providing private accommodation) was abolished and merged into PIT.	Rate decrease	Announcement: 20-12-2016 28-10-2016 Legislation: 20-12-2016 25-11-2016 In force from: 01-01-2017 01-01-2018
SCT tax relief for research.	Rate decrease	Announcement: 15-06-2016 Legislation: 15-06-2016 In force from: 15-06-2016
Social security contributions: Self-employed		
In case of Lump Sum Tax of Small Enterprises (KATA) the upper yearly revenue limit of the tax was increased from HUF 6 million to HUF 12 million from 2017. This measure allows more small firms to choose this simplified tax regime.	Rate decrease	Announcement: 28-10-2016 Legislation: 25-11-2016 In force from: 01-01-2017
Taxes on payroll and workforce		
Labour mobility measures: tax-free mobility for housing assistance, expenses related to traveling into work, clarification of the definition of the worker's home.	Rate decrease; base decrease	Announcement: 19-05-2016 Legislation: 15-06-2016 In force from: 01-01-2017
Corporate income tax		
Lowering of the corporate income tax rate uniformly to 9%.	Rate decrease	Announcement: 17-11-2016 Legislation: 20-12-2016 In force from: 01-01-2017
Tax-allowance of angel-investments (companies which invest in a registered start-up enterprise can reduce their tax-base by the triple amount of the investment in the given year and the following 3 years, in equal amounts. The maximum value of the tax-allowance is HUF 20 million a year.)	Base decrease	Announcement: 20-12-2016 Legislation: 20-12-2016 In force from: 01-01-2017
Tax-credits on investments for energy-efficiency (taxpayers shall be eligible for tax-credit in connection with an investment project to comply with energy efficiency targets. The tax allowance may not exceed 30 % of eligible costs of investment at present value, or maximum the forint equivalent of EUR 15 million. Taxpayers are allowed to use it also in surtax on energy suppliers in the same way as in case of development tax credit).	Base decrease	Announcement: 25-11-2016 Legislation: 25-11-2016 In force from: 01-01-2017
Other corporate taxes		
The regulation of small business tax significantly simplified from 2017, due to the switch to Shareholder-base cash-flow tax from Real+Financial-base.	Base decrease	Announcement: 07-06-2016 Legislation: 15-06-2017 In force from: 01-01-2017
In accordance with decreasing employer's social contribution tax and corporate income tax, the rate of small business tax was reduced from 2017 from 16 % to 14 % and an additional 1 percentage point from 2018.	Rate decrease	Announcement: 12-12-2016 Legislation: 20-12-2016 In force from: 01-01-2017

Table HU.2: Latest tax reforms (continued)

Description of measure	Change	Date
Value-added tax		
VAT rate of fresh milk decreased from 18 % to 5 %.	Rate decrease	Announcement: 01-04-2016 Legislation: 01-06-2016 In force from: 01-01-2017
VAT rate for eggs decreased from 27 % to 5 %.	Rate decrease	Announcement: 01-04-2016 Legislation: 01-06-2016 In force from: 01-01-2017
VAT rate for poultry decreased from 27 % to 5 %.	Rate decrease	Announcement: 01-04-2016 Legislation: 01-06-2016 In force from: 01-01-2017
VAT rate on internet access decreased from 27 % to 18 %.	Rate decrease; base decrease	Announcement: 01-04-2016 Legislation: 01-06-2016 In force from: 01-01-2017
VAT rate on restaurant meals decreased from 27 % to 18 %.	Rate decrease; base decrease	Announcement: 01-04-2016 Legislation: 01-06-2016 In force from: 01-01-2017
VAT rate on restaurant meals will decrease from 18 % to 5 %.	Rate decrease; base decrease	Announcement: 01-04-2016 Legislation: 01-06-2016 In force from: 01-01-2018
The individual exemption for VAT was increased from HUF 6 million to HUF 8 million per year.	Base decrease	Announcement: 01-10-2016 Legislation: 01-11-2016 In force from: 01-01-2017
Other excise duties		
The excise duty rate on fuel depends on crude oil prices. If the price of Brent crude oil did not exceed USD 50, the excise duty rate of petrol is higher by HUF 5 per litre and excise duty rate of gas oil by HUF 10 per litre.	Rate increase	Announcement: 01-05-2016 Legislation: 01-06-2016 In force from: 01-09-2016
The excise duty rates on tobacco products have been increased in 3 steps.	Rate increase	Announcement: 01-05-2016 Legislation: 01-11-2016 In force from: 01-09-2016; 01-01-2017; 01-07-2017
Other taxes		
From 2017 the rate of the bank levy decreased from 0.24 % to 0.21 %.	Rate decrease	Announcement: 15-04-2016 Legislation: 15-06-2016 In force from: 01-01-2017
From 1 January 2017 the surtax on financial credit institutions was abolished.	Rate decrease	Announcement: 07-06-2016 Legislation: 15-06-2016 In force from: 01-01-2017