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NEWSLETTER HUNGARY

MUTUAL SUCCESS

6/2020

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→ Economy protection measures in November 2020

Foreword

In autumn 2020, the number of people infected with the coronavirus has risen sharply and significant restrictions such as curfew at night and the closure of facilities – especially with regard to the hospitality industry, culture, entertainment and sport – have been introduced (see Government Decree No. 478/2020 (3.XI.)). In order to relieve particularly affected companies and institutions, the government decree No. 485/2020 (10.XI.) has introduced a tax and duty relief, the reimbursement of lost sales and wage subsidies, as well as the reimbursement of expenses due to the so called home office has been regulated also in the government decree No. 487/2020 (11.XI.).

We hereby summarize each regulation below.

Sectors that can request tax and duty relief

For the month of November 2020, those companies can be exempted from paying certain taxes and duties whose income mainly but at least up to 30 per cent has arisen from the following activities within 6 months before the entry into force of the regulation:

- Restaurants and mobile food service activities (TEÁOR 5610),
- Event catering activities (TEÁOR 5621),
- Beverage service activities (TEÁOR 5630),
- Motion picture projection activities (TEÁOR 5914),
- Organization of conventions and trade shows (TEÁOR 8230),
- Sport and recreation education (TEÁOR 8551),
- Performing arts (TEÁOR 9001),
- Support activities to performing arts (TEÁOR 9002),
- Operation of arts facilities (TEÁOR 9004),
- Museums activities (TEÁOR 9102),
- Botanical and zoological gardens and nature reserves activities (TEÁOR 9104),
- Operation of sports facilities (TEÁOR 9311),
- Activities of sport clubs (TEÁOR 9312),
- Fitness facilities (TEÁOR 9313),
- Other sports activities (TEÁOR 9319),
- Activities of amusement parks and theme parks (TEÁOR 9321),
- Physical well-being activities (TEÁOR 9604), or

- Other amusement and recreation activities (TEÁOR 9329)

Companies whose income has resulted especially from one of the listed activities will be exempted from paying the following taxes for the month November 2020:

- Employer's contribution to the health and pension insurance,
- Contribution to vocational training,
- The amount of the rehabilitation tax due for the month November and also further advance payments for 2020 will also be omitted,
- In case of companies that are subject to KIVA taxation (tax for small businesses) the amount of personal payout (withdrawal) will not be taken into account as a tax base for the month of November.

Requirements for using this benefit

The Employer

- pays the salaries and wages for the month of November 2020 (based on the employment agreements already existing on 11 November 2020),
- the employment agreement will not be terminated in November,

Further requirements are that the employer would have terminated the employment agreement of the employee under normal circumstances – without the current benefits – and that the employer has notified the tax authorities about the use of this benefit.

Wage and salary subsidies

In addition to the tax and duty reliefs, the employers of the above listed sectors can request also an relief of 50 per cent for the wage and salary payment of the employees for the months of November.

The requirement is that:

- the employment agreement exists on the last day of the requested relief,
- the employer actually pays the salaries.

The application has to be submitted to the competent local municipal administration of the employers.

At this point, we would like to highlight that there are currently no general regulations for the short-time work (in German: "Kurzarbeitergeld") in Hungary. All regulations passed by the government in the spring were decided for a maximum period of 4 months and have now expired and have neither been extended nor newly introduced.

Special regulations for the accommodation and hotel industry

For November 2020, companies whose main activity falls within the

- Hotels and similar accommodation (TEÁOR 5510),
- Holiday and other short-stay accommodation (TEÁOR 5520),
- Camping grounds, recreational vehicle parks and trailer parks (TEÁOR 5530) und
- Other accommodation (TEÁOR 5590)

can apply for support benefits due to the lost sales. 80 per cent of the accommodation services provided until 8 November will be reimbursed.

Requirements for reimbursement of lost sales:

- The employment agreements continue to exist during the reimbursement period,
- The salaries are actually paid.

The calculation basis for the reimbursement are the bookings/room reservations concerning the period of 30 days from the entry into force of the decree.

Important: business travelers can continue to be accommodated and served by hotels.

In addition to SMEs, large enterprises also have the opportunity to take out interest-subsidized loans or obtain state loan collaterals. The details in this respect can be found in the specified decrees.

Reimbursement of costs for the use of "home office"

Employees working in "home office" for the employer due to the pandemic have additional expenses which can be reimbursed by the employer towards the employees according to the new government decree No. 487/2020 (11.X.) up to a certain amount in form of an expense allowance.

The reimbursement amount shall be agreed between the parties in advance and it can be granted without any special individual proof or supporting documents. The agreed reimbursement may amount to maximum 10 per cent of the statutory minimum wage of HUF 161,000.-/month. If there is no full month the pro-rata amount shall be determined as the maximum value.

We will continue to inform you of further selected events and topics in Hungary.

Contact for further information



Dr. Roland Felkai
Partner
+36 1 8149 800
roland.felkai@roedl.com

Imprint

Newsletter Hungary | Issue 6/2020

Publisher:
Rödl & Partner Budapest
Andrássy út 121
1062 Budapest
T +36 1 8149 800
www.roedl.com/hungary

Responsible for the content :
Dr. Roland Felkai
roland.felkai@roedl.com

Layout/Type:
Fruzsina Tóth
fruzsina.toth@roedl.com

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