



FINACONT TAX NEWSLETTER

Personal Income Tax – tax reimbursements



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The opportunity of having personal income tax reimbursements might be an important factor in concluding insurance and retirement savings contracts of private persons. Tax benefits available for year 2015 will be briefly summarized in this newsletter.

Voluntary mutual insurance funds ('önkéntes kölcsönös biztosító pénztár')

Private person member of voluntary mutual insurance funds **may decide on the transfer of the following reimbursements as per declaration included in his/her tax return:**

- **20 percent of the sum** of amount paid by the private person as a member to the voluntary mutual insurance funds in the tax year and other income received in the tax year under this law on his/her account,
- further to the above-written tax benefit, the person being member of voluntary mutual health fund ('önkéntes kölcsönös egészségpénztár') or mutual aid fund ('önsegélyező pénztár') may have the following benefits:
 - **10 percent** of the amount allocated from his/her account balance available and fixed for at least 24 months

starting from the date of fixing the amount in the tax year,

- **10 percent** of the amount paid by voluntary mutual insurance fund for prevention purposes from the account balance available,

but a **total amount of HUF 150 thousand** at most in relation to a voluntary mutual insurance fund in a tax year.

Retirement savings

In line with his/her declaration included in his/her tax return a private person holding a retirement savings account may decide on the transfer of **20 percent** of the amount paid to his/her retirement savings account in the tax year, **but no more than HUF 100 thousand in the tax year** (or **HUF 130 thousand** if a person reaches retirement age specified in the law before 1 January 2020). This reimbursement shall be covered from the remaining tax of consolidated tax base after deducting all the tax benefits.

If tax is assessed or declared by employer, no retirement savings declaration can be issued.

Pension insurance agreements

In his/her tax return the contracting party of a pension insurance agreement **may decide on** the transfer of the **20 percent** of amount paid in the tax year on his/her pension insurance agreement concluded with an insurance company registered in Hungary or in other EEA state but no more than **HUF 130 thousand in the tax year.**

Restrictions on personal income tax reimbursements

Hungarian Tax Authority shall transfer amounts specified by the private person **in his/her above-**

written declarations in accordance with relevant provisions of the Act on Taxation on refundable personal income tax **if the private person does not have an tax debt recorded at the Tax Authority and has paid all his/her taxes due according to his/her tax return.**

If a private person decides to have a specified part of his/her tax reimbursed in his/her declarations of voluntary mutual funds, retirement savings and pension insurance, **the total amount to be transferred may not exceed HUF 280 thousand.**

Please contact our colleagues if you wish to have a detailed interpretation of this legislation as this newsletter offers general understanding.

Should you have any questions, please do not hesitate to contact us.

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