



FINACONT TAX NEWSLETTER

Subsequent certification of tax exempt employer housing support



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„If the employer provides tax exempt employer housing support for his employee, **the employer must prove the fulfillment of requirements of tax exemption.**”

If the employer provides tax exempt employer housing support for his employee, **the employer must prove the fulfillment of requirements of tax exemption.**

The main rule is that the fulfillment of requirements of tax exemption should be examined by the employer either after or before granting the support. The employer does not have to prove again facts and circumstances already certified before the grant of support and kept in its own records even if the support was granted in several tax years or in more installments within one tax year. **However, the real use of the support can be proven only afterwards.**

The employee must prove/certify the use of support to the employer **by latest**

- 31 May of the year following the year when the support was granted,

- or 31 May of the second year following the year when the support was granted if support was granted for construction, floor area increase or upgrade of apartments.

Documents and accounting documents certifying the use of the support are the following:

- **in case of apartment purchase, purchase contract and document verifying the registration of ownership (or title deed) and document verifying the payment of the purchase price** within a period of time between six months prior to the grant of support and 31 March of the year following the year when the support was granted,
- **in case of support granted for construction or extension of apartments, a legally binding building permit and an invoice certifying the use of support,**

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issued to the employee or a close relative (*from 1 January 2016 invoice issued to a spouse is also accepted*) within six months preceding the grant of support and the last day of the year following the year when the support was granted,

- **in case of apartment upgrade**, an **invoice** certifying the use of support, **issued to the employee or a close relative** (*from 1 January 2016 invoice issued to a spouse is also accepted*) within six months preceding the grant of support and the last day of the year following the year when the support was granted,
- in case of support granted for **repaying credit received** by an employee (as a debtor) **for housing purposes** from a credit institution or a previous employer or for paying other credit-related liabilities, **credit contract** concluded with a credit institution or a former employer and a document, bank statement **certifying the repayment of credit in the year when the support was granted**. There is no need to obtain this certificate if the support was transferred to the independent credit account of the employee or to the central clearing

account of the credit institution used for repayment.

A copy of the original document or certificate accounting document is also accepted.

In addition, the employer should hold a certificate of the credit institution or treasury granting support on behalf of the employer which is issued by the credit institution or treasury to the employer by 31 January of the year following the year of the transfer of support to the private individual.

If documents verifying the tax exemption of the support are not available to the employer by the date above or tax exemption cannot be established on the basis of documents provided, the employer housing support is considered to be an income of the supported individual earned from employment in an amount increased with 20 percent. The date of receipt of this income is May of the year following the grant of support or May of the second year following the year when the support was granted if the support was granted for apartment construction, extension or upgrade.

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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There can be diverse practices, methods and taxation manners as a result of various interpretations with regard to the tax regulations and the connected law sources. The above listed changes are only for information, can be used only at one's own tax risk in specified cases. In certain cases a further proposal of tax authorities or other polities can reduce the tax risks.