



## FINACONT TAX NEWSLETTER

### Tax credit on rehabilitation card



Gábor Kis

„The amount of the **tax credit** is the 22 percent of the amount of gross salary but up to **the 22 percent of double the amount of minimum wage**. Thus, if a worker has a rehabilitation card, the employer will be exempt from paying the social contribution tax on the employee's gross salary (up to twice the minimum wage).”

**From 1 January 2017** a person with reduced working capacity is **entitled to a rehabilitation card** if he meets one of the following requirements:

a) he can be rehabilitated, meaning that

aa) his employability can be restored with rehabilitation, or

ab) he needs a long-term occupational rehabilitation;

b) his rehabilitation is not recommended, meaning that

ba) his employability can be restored with rehabilitation based on his health condition, however, due to other circumstances specified in the decree on the professional rules of complex evaluation his occupational rehabilitation is not recommended,

bb) he needs long-term occupational rehabilitation on the basis of his health condition however, due to other circumstances specified in the decree on the professional rules of complex evaluation his occupational rehabilitation is not recommended,

c) he received a group III disability, accident disability pension or regular social allowance on 31 December 2011

**The employer may have tax credit on the social contribution tax** payable on the employment relationship with the person with reduced working capacity having a valid rehabilitation card. The amount of **the tax credit** is the 22 percent of the amount of gross salary but up to **the 22 percent of double the amount of minimum wage**. Thus, if a worker has a rehabilitation card, the employer will be exempt from paying the social contribution tax on the employee's gross salary (up to twice the minimum wage).

**Only one employer is entitled to the tax credit** after one disabled employee at the same time and only for the period when the rehabilitation card was held. If the card is withdrawn, the employer will not be entitled to the tax credit from the day following receipt of the notification.

**Card issuing procedure** must be launched by the private individual at the rehabilitation authority. The rehabilitation authority determines if requirements of eligibility are met and informs the tax authority on it within one day. The tax authority shall prepare a rehabilitation card and shall deliver it to the person's employer or, in the absence of the employer, to the eligible person within 15 days after data has been received from the rehabilitation authority.

An employer may have tax credit not only on social contribution tax if he employs persons with reduced working capacity.

If the number of employees employed by the employer exceeds 25 and the number of persons with reduced working capacity is below the 5 percent of the total number of employees, the company has to pay a

rehabilitation contribution of 1,147,500 HUF / missing person / year from 1 January 2017.

However, the employer may be exempt from this obligation by employing a sufficient number of people with reduced working capacity. Thus, an employer who is liable to pay rehabilitation contribution employs more than 25 employees and fulfills the obligatory employment level by employing workers with rehabilitation card can not only be exempt from the social contribution tax but may also reduce the amount of rehabilitation contribution.

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.

**Gábor Kis**

**Tax director**



FINACONT Szolgáltató és Tanácsadó Kft.  
H - 1062 Budapest, Aradi utca 16, II. em. 2.  
T. +36 1 345 0092  
F. +36 1 345 0093  
M. +36 20 945 5040  
E-mail: [gabor.kis@finacont.com](mailto:gabor.kis@finacont.com)  
Web: [www.finacont.com](http://www.finacont.com)