



FINACONT TAX NEWSLETTER

Tax law amendments 2018



Kis Gábor

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Recently several amendments to tax law have been submitted to Parliament.

Bill nr T/17786 on the amendment to the Act CXXVII of 2007 on **Value Added Tax** states that from 1 January 2018 Braille Printer and Braille Display used by blind people would also be subject to the reduced VAT of 5% in addition to Braille typewriter already subject to the reduced tax.

Bill nr. T/18006 on the amendment of Act LXXXI of 1996 on **Corporate Tax and Dividend Tax** was submitted to the Parliament. The Act on Corporate Tax and Dividend Tax already allows for taxpayers to apply **development tax credit** on several grounds. EKD (Individual Government Decision) Support can also be claimed for investments that are entitled to receive development tax credit so that in this way the direct and indirect support will work together in their incentive effect. In line with changes in EKD Support regulation to be effective from 30 May 2017 EKD Support can be applied for

startups resulting in product diversification or new process innovation. However, now development tax credit for these types of investments is not available. The purpose of the bill is to amend the legislation so that **both types of supports mentioned above will be available for investments from 1 January 2018.**

Bill nr T/18008 on the amendment of Act CXLVII of 2012 on **small taxpayers' itemized lump sum tax (KATA) and SME corporate tax (KIVA)** was submitted. The bill **expands the scope of taxpayers who will be entitled to choose KATA with law offices and clarifies rules of loss carryforward of companies choosing KIVA** from 1 January 2018.

The bill clearly states that the taxpayer **may regard** the part of negative corporate tax base which was generated before the date of choosing KIVA (during the year of being subject to corporate taxation) and has not been involved in corporate tax base or



SME corporate tax base reduction yet and negative corrected cash-flow based profit which was generated before tax year 2017 and has not been involved in tax base reduction yet (earlier loss generated during the year of being subject to KIVA) **as loss carryforward.**

Bill nr T/18009 on the amendment of Act LXXV of 2010 on **simplified employment** was submitted. Under this bill **the amount of income exempted from taxes would be increased if the income was earned in simplified employment.**

A private person would not be required to assess income and file tax return on his income earned in simplified employment if his income earned in simplified employment did not exceed the product of the number of calendar days spent in simplified employment and the minimum wage or the 130% of his

daily wage (if he is entitled to receive at least 87% of guaranteed wage minimum) valid on the first day of tax year.

The bill increases the tax free amount of daily wage earned in simplified employment **from HUF 5,870 to HUF 8,000**, which would mainly foster workforce need of agricultural seasonal work with significantly increasing the tax free amount of income earned in simplified employment.

Furthermore, rules governing the increased amount of tax-free daily wage should be also applied to **the assessment of personal income tax liability of income earned in 2017.**

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

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

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