



FINACONT TAX NEWSLETTER

Tourism Development contribution



Kis Gábor

**„Provisions on
tourism
development
contribution**

adopted in Act LXVI of 2016 on certain tax and other related laws and Act on the amendment of Act CXXII of 2010 on the National Tax and Customs Authority enters into force on 1 January 2018.”

Provisions on tourism development contribution adopted in Act LXVI of 2016 on certain tax and other related laws and Act on the amendment of Act CXXII of 2010 on the National Tax and Customs Authority enters into force on 1 January 2018.

If services set out in Point 3 of Table in part II of Annex 3 of the Act CXXVII of 2007 on Value Added Tax are provided for charges, these services **will be subject to tourism development contribution** from 1 January 2018. In other words, **taxpayers who provide catering service subject to 5% VAT under Act on VAT from 1 January 2018 are required to pay tourism development contribution.** Taxpayers who do not provide services falling under favourable 5% VAT as per the Act will not be required to pay the contribution.

The base of the contribution is the value of service without VAT, **the contribution to be paid is 4%.**

The contribution should be assessed and involved in tax return in accordance with the rules of self-assessment and the date of fulfillment indicated on the issued invoice or accounting document or, in the absence of such, on any other document issued on the service being subject to contribution should be taken into account

The taxpayer subject to tourism development contribution payment is required to **file his tax return** in the applicable VAT tax return period until the deadline of the submission of the VAT return. If the taxpayer is not required to file VAT return in a financial period, the taxpayer is required to file the tax return of tourism development contribution until 25 February of the year following the date of fulfillment of the service being subject to contribution specified in the VAT Act.

The taxpayer is required to pay the contribution **until the filing deadline of the return.**

Official authority duties related to the contribution are performed by the Hungarian Tax and Customs Office. The income from the contribution is the revenue of the central budget, the amount of which is to be spent on tourism development specified in the relevant legislation in line with the central budget's tourism earmarks.

The **tourism development contribution is a sales type tax because the base of the contribution is the service fee, but its amount does not have to be indicated on the invoice.** The invoice should contain elements set out in the VAT Act.

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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