

## **Changes relating to Corporate Income Tax in 2019**

Amendments of certain tax laws and other related laws were accepted on July 12. Major changes regarding **corporate income tax, local business tax and innovation contribution** are as follows:

### **Corporate income tax:**

- a) **Obligation of tax advance filling by December 20** is to be cancelled ***from 2019***. Taxpayer can choose to fill the tax advance in 2019 and if he does, tax offering is also allowed. Deadline for making the choice is 20th of the last month of the tax year.
- b) Definition of trustee foundation is included in 4th § of the law together with measurements relevant.
- c) Clarifications regarding group of tax payers are included.
- d) Regarding development tax benefit: the value limit is to be decreased in the forthcoming 3 years for investments by small and middle sized. The limits are:
  - from 07/23/2019 for small entities HUF 300 million, for middle-sized entities HUF 400 million
  - from 2021 HUF 200 million, and HUF 300 million respectively, while
  - from 2022 HUF 50 million, and HUF 100 million respectively.
- e) While headcount and salary cost limitations in case of development tax benefits were proposed to be cancelled from January 1, 2020, the final accepted version declares that headcount is **not allowed to decrease**.

**Tax advance filling obligation remains in force** in case of **local business tax** for entities applying double-entry bookkeeping and having annual net sales revenue reaching HUF 100 million in previous tax year.

**Tax advance filling obligation** (that was due on 20th of last month of the tax year) is also to be **cancelled** in case of **innovation contribution**.

July 25, 2019