

HUNGARY

Hungary - Civil Law (Roman)

★ Incorporate Now Consultation

Click request a call for a free, no obligation consultation.
In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Hungary

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10 Anson Road, Suite 26-04
International Plaza, Singapore

Hungary taxes

Want to setup a company? This article will educate you on the tax laws for a LLC (Kft) which is the most common company structure in Hungary.

Hungary taxes resident entities on their worldwide income. The prevailing standard tax rate for income remitted, from our research, but seek professional advice, is 9%. Hungary may have certain exemptions to remit foreign earned profits. Taxes are lower than average in Hungary because the Corporate Income Taxa is 9%. This ranks Hungary as 32nd when compared to CIT globally.

The value added tax (VAT) rate in Hungary is 27.00%, which ranks Hungary as 176th overall with regards to VAT globally. In terms of other taxation, an employer will contribute 22% to the equivalent of a social security fund and an employee will contribute 18.50%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 146 hours. Contributing to this is the number of yearly labor tax payments, which is 2 in HU.

Thin cap laws are in play. This refers to any sort of restrictions on companies' debt-to-asset ratios. Dividends received by a resident entity, whether from local or foreign source are usually tax-exempt, unless foreign-source dividends are paid out of profits that are subject to a tax lower than 10% (Controlled foreign company). Dividends are distributions of a portion of company earnings, established by the board of directors, to a class of its shareholders. Dividends can be issued as stock, cash, or property. Capital Gains are usually treated as ordinary income and taxed at corporate income tax standard rate. However, an exemption may apply for those gains from the sale of shares of a subsidiary, provided that shareholder owns at least 10% of shares for at least 1 year, and subsidiary is not considered a Controlled Foreign Company (CFC). A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells sells a capital asset for a price that is higher than the purchase price.

Dividends, interests, royalties and fees paid to non-residents entities are not subject to withholding tax. Payments to foreign individuals on dividends, interests and royalties are subject to a withholding tax of 15%, unless rate is reduced under a tax treaty.
There is no known tax on wealth in Hungary. There are inheritance taxes in Hungary, except for inheritances to spouses and descendants. There are transfer and real property taxes. There are popular and well known research and development tax relief in HU.

The above is not tax or legal advice for your individual personal tax obligations. Incorporations.io can refer you to an expert in Hungary who can properly advise you. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Hungary is 27% which ranks 176 in the world.

- ☑ **Patent box**
- ☑ **RND credit**
- ✖ **Wealth tax**
- ☑ **Estate tax**
- ☑ **Transfer taxes**
- ✖ **Asset taxes**
- ✖ **Capital duties**

- **79** **Tax treaties**
- **9%** **Offshore Tax**
- **9%** **Corp rate**
- **-** **Loss carryback years**
- **35** **Corporate time**
- **27%** **VAT rate**
- **9%** **Capital gains**
- **2017** **AEOI planned**

Hungary Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in HUNGARY is civil law (roman) law. You will want to get some local advice as to how to best structure a company in HUNGARY. E-signatures are allowed.

The letters HU is for HUNGARY and the most common legal entity type in HUNGARY is a LLC (Kft).

It typically takes about 2-15 Days to put together the paperwork and file a LLC (Kft) in HU. The types of cash you can use to capitalize your business is frequently legal tender.

Yes, one is allowed to re-domicile a LLC (Kft) from HU. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC (Kft) in HU by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is tolerated, up to 100% of the ownership of the legal entity.

A legal entity is only required to have 1 director on the board. Furthermore, corporate directors are not permitted. Directors should not have an expectation of privacy, as they are not kept private in HUNGARY. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an agent which can receive a service of process on behalf of the registered legal entity. A related requirement, a company secretary is not required in HU, which can save the company money if you can perform basic corporate governance internally.

There is a requirement to file accounts to relevant authorities. On that note, there is oftentimes a requirement to have these accounts audited.

Overall we think Hungary is a good option and have given it a score of 66 as an IO score, using the Incorporations.IO proprietary formula.

- ✖ **Directors not disclosed in a public registry**
- ✖ **Shareholders not disclosed in a public registry**
- ☑ **Redomiciliation permitted**
- ☑ **Registered office required**
- ✖ **Corporate director permitted**
- ✖ **Local Secretary not required**
- ☑ **Local Director not required**
- ☑ **Electronic signature**

1 **Shareholders required**

1 **Directors required**

2-15 Days **to form**

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Country Info



National Flag of

Magyarország (hun)

Currency

HUF

Area Code

+36

Capital

Budapest

Region

Eastern Europe

Native Languages

Hungarian