

Hungary Tax Knowledgebase

Employee personal income tax

Tax residence

An individual is regarded as a resident in Hungary if one is a:

- A Hungarian citizen
- A national of a European Economic Area (EEA) country with a valid EEA registration card issued in Hungary, who resides in Hungary for at least 183 days in a calendar year, or
- A third-country national who has established permanent residency in Hungary, or a stateless individual.

Even if the above conditions aren't met, a person is still considered a tax resident in Hungary under the following circumstances:

- If their only permanent residence is in Hungary,
- If their primary personal and economic ties (centre of vital interests) are in Hungary, particularly if they do not have a permanent home or have homes in multiple countries, including Hungary, or
- If they spend a minimum of 183 days in Hungary during the calendar year, even if they do not have a permanent home or have multiple homes in several countries, and it is impossible to determine the location of their centre of vital interests.

Conditions for the obligation to file the PIT

In Hungary, personal income tax (PIT) is assessed on domestic-source income and foreign-source income for residents. PIT applies to income from employment, independent activities (including rental income), and other sources.

The PIT rate is 15% for most types of income.

There are three ways to calculate the tax base:

- **Consolidated tax base:** Includes employment income, income from independent activities (90% of gross income), and other income. Various tax allowances are available, including those for families with children and young people.
- **Fringe benefits:** Subject to PIT and social tax, with SZÉP Cards being a common benefit.

Native Teams

- **Separate income:** This includes dividends, interest, capital gains, and other similar types of income.
- **Income from long-term savings accounts is taxed when the account is terminated,** with the following rates: 15% if the account is terminated within 3 years, 10% if it is terminated within 5 years, and no tax after 5 years.

Tax report in question (Form name)

Form 23SZJA: This is the standard personal income tax return form used by individuals to report all income sources, including employment, self-employment, investment income, and foreign income.

Tax year

The tax year in Hungary is the calendar year (January 1 to December 31).

Tax rates

Hungary's personal income tax system is structured around a flat tax rate of 15% for most income types:

- **Salary income:** 15% income tax, plus social security contributions (18.5%) and health insurance contributions (7%).
- **Dividend income:** 15%
- **Capital gains:** 15%

Tax returns and payment of tax

Tax returns in Hungary must be filed by May 20th of the following year.

The tax payments are generally due by the same date, May 20th, unless advance payments are required quarterly for income not subject to withholding.

Personal deductions (salary)

In 2025, the family tax allowance in Hungary is as follows:

- HUF 66,670 per month for one dependent child
- HUF 133,330 per month for two dependent children
- HUF 220,000 per month for three or more dependent children

This allowance is deducted from the taxpayer's tax base. Additionally, 15% of any unused child tax base allowance can be deducted from social security contributions.

Native Teams

Mothers raising at least four children, or those who have raised four or more children, are exempt from paying PIT on certain types of income, such as wage income.

Families raising chronically ill or severely disabled children are eligible for an additional HUF 66,670 per month per dependent.

The family allowance is expected to increase by 150% starting July 2025 and by 200% from January 2026.

Tax allowances

1. Remote work allowance:

Employers can grant remote workers a monthly tax-free reimbursement of up to 10% of the monthly minimum wage. In 2025, with the minimum wage set at HUF 290,800, this equates to a maximum of HUF 29,080 per month. The actual amount is prorated based on the number of remote working days in the month.

2. Széchenyi recreation card (SZÉP card):

Employers can provide up to HUF 570,000 annually. HUF 450,000 can be used for hot meals, holiday accommodation, and cultural activities. HUF 120,000 can be used for sports services. Employees can spend half of the amount on home renovation.

3. Housing allowance:

Available to employees under 35 years old.

Up to HUF 150,000 per month or HUF 1.8 million per year, for rent or housing loan repayment.

Taxed at a rate of 33.04% (based on 118% of the benefit value).

4. Additional benefits:

Gifts: Small-value gifts (up to 10% of the minimum wage, HUF 29,080 in 2025) can be given up to three times a year.

5. Cafeteria benefits: At the regular payroll tax rate, including voluntary contributions to healthcare or pension funds. Employees can get a 20% tax reimbursement for their contributions up to HUF 150,000 annually.

Additional tax reliefs (not mentioned above)

1. PIT allowance for first-time married couples: Couples marrying after 31 December 2014 can reduce their tax base by HUF 33,335/month for up to 24 months, provided at least one partner is marrying for the first time. There is no age limit for eligibility.

2. PIT allowance for individuals under 25: Individuals under 25 can apply for a PIT-free allowance on certain incomes, up to a maximum of HUF 636,700 per month (gross national average income), which equates to a net amount of HUF 95,505 per month in 2025.

3. PIT allowance for mothers under 30: Mothers under 30 who give birth or adopt a child after January 1, 2023, can reduce their tax base by HUF 95,505 per month in 2025. The allowance is available if the woman is entitled to the family tax allowance linked to her child after 31 December 2022.

4. Student loan debt cancellation: The cancellation of student loan debts linked to having children, as well as the employer's allowance related to repayment, will be tax-free.

5. Voluntary mutual pension savings for housing: The use of voluntary mutual pension savings for housing purposes is tax-free

6. Sports-related tax exemptions: Tax exemptions apply to the unrestricted use of sports facilities and equipment maintained by the payer, as well as free tickets for key sporting events, national events, and business gifts.

7. Zoo admission: From 2025, zoo admission and passes are tax-free up to the amount of the minimum wage per year.

8. Recycling fee: The recycling fee (within the DRS) is tax-free for private individuals.

9. Listed properties: Income from the sale of listed properties after three years is tax-free if the property has been renovated in accordance with preservation regulations and has an official certificate.

10. Energy savings: Effectively, from 1 January 2024, income related to certified energy savings, such as income received for investment or retrofitting, is tax-exempt.

11. Damages, compensation, indemnity, damages, compensation for injury, amounts received in satisfaction of pecuniary loss – all of these are exempt from tax, provided they are not substitutable for income. A further condition is that the damage payment cannot be tax-exempt if the parties agree on its amount out of court.

12. Voluntary pension contributions: Contributions to pension funds are deductible. The maximum deductible amount is HUF 150,000 annually, depending on the individual's employment contract and pension system.

13. Voluntary health insurance: Contributions to private health insurance plans are deductible, similar to voluntary pension contributions.

14. Tax relief for disabled employees: Employees with disabilities are entitled to exemptions or reductions in income tax. Additionally, individuals with severe disabilities can benefit from a tax credit, which reduces their tax liability.

How to submit the tax return

Filing a tax return in Hungary as an individual is straightforward, and here's a step-by-step guide:

1. **Check your draft return:** Log in to the National Tax and Customs Administration (NTCA) website and access your pre-filled tax return. This will include most of your income details.
2. **Review and update:** Make sure the information is accurate. Add or modify any income, deductions, or exemptions.
3. **Submit electronically:** After reviewing, submit your tax return online by May 20. If everything looks good, it will automatically become your final return. If you prefer paper, request a printed return and submit it by the same deadline.

For more details, visit the NTCA FAQ.

Briefly explained here:

<https://nav.gov.hu/pfile/file?path=/en/taxation/personal-income-tax-returns-faq/tax-returns-pit---faq->

Employee taxation of income (int, div, royalties)

Interest income: Tax rates

Interest income is generally taxed at a rate of 15%.

However, under specific conditions, the tax rate on interest may be reduced to 0% for investments held for at least five years, and to 10% for investments held for a minimum of three years in a "long-term investment account." The exact eligibility criteria for these tax rates are outlined in the relevant legislation.

Dividend income: Tax rates

Dividend income in Hungary is subject to a 15% personal income tax (PIT). Additionally, a 13% social contribution tax may apply to dividend income if certain conditions are not met, but this is capped at a relatively low amount.

Dividend income must be reported in the annual tax return, and taxes on foreign-sourced dividends are due when filing the return.

However, the tax on dividend income can be reduced by a foreign tax credit for withholding taxes (WHT) paid on dividends from countries with a double tax treaty (DTT) with Hungary, up to the rate specified in the treaty.

Capital gains: Tax rates

Capital gains are taxed at a flat rate of 15% on the sale of assets, including securities, real estate, and shares.

Exceptions:

Securities held for more than one year may be eligible for tax exemptions under certain conditions.

Certain exemptions apply to gains from the sale of residential property if it has been held for a minimum number of years.

Royalty income: Tax rates

Royalty income in Hungary is taxed at a 15% rate for both residents and non-residents.

Withholding

Withholding tax on interest: Rates

Interest paid to residents of Hungary is subject to a 15% personal income tax, plus a potentially 13% social contribution tax, totalling 28% on certain types of interest income. However, government bonds issued after June 2019 are exempt from this requirement.

Interest paid to non-residents is generally subject to a 15% withholding tax; however, this rate may be reduced or eliminated under specific tax treaties between Hungary and the non-resident's country.

In short, residents face a higher tax rate (28%), while non-residents face a 15% withholding tax unless a treaty applies.

Withholding tax on dividends: Rates

Dividends paid to residents and non-residents are subject to withholding tax at a rate of 15%.

Withholding tax on capital gains: Rates

Capital gains are subject to a withholding tax rate of 15%. Non-residents may benefit from double taxation treaties to reduce or eliminate this tax.

Withholding tax on royalties: Rates

Payments for royalties to non-resident individuals are subject to 15% withholding tax. Payments to resident individuals are also subject to this tax rate.

Fees for technical services:

Fees for technical services paid to an individual are subject to personal income tax withheld at a rate of 15%, unless the rate is reduced under an applicable tax treaty in the case of fees paid to nonresident individuals.

Employee tax - Special regimes to apply

Special tax regimes (if applicable)

Foreign income tax relief: Hungarian residents can avoid double taxation on foreign income through tax credits or exemptions, based on Double Tax Treaties (DTTs) with other countries. This allows foreign taxes paid to be credited against Hungarian taxes, or in some cases, to exempt the income from Hungarian tax altogether.

Investment allowances: Tax deductions are available for investments in specific sectors (e.g., R&D, renewable energy) or regions, encouraging economic development. These allowances reduce taxable income for eligible investments, promoting growth in targeted industries or less developed areas.

Digital nomads' tax regime

The Hungarian White Card is a residence permit specifically designed for digital nomads, enabling remote workers to reside in Hungary for up to 12 months, with one possible extension.

To qualify, applicants must earn at least €3,000 per month from a company outside Hungary and provide documentation, including an employment contract, proof of income, and health insurance. The application process includes submitting documents in person at a Hungarian consulate, with a processing time of 3-4 months.

Additional costs include accommodation, health insurance, and a state fee. The White Card allows travel within the EU but does not grant permanent residency rights. Family members

cannot accompany the applicant on this permit, but spouses are eligible to apply separately.

Double taxation agreements (link website)

You can find a list of the Double Tax Treaties signed by Romania and currently in force on the following website: https://nav.gov.hu/en/taxation/double_taxation_treaties

Digital nomads' tax regime

How to apply and deadlines for employees

The Hungarian White card is a digital nomad visa for remote workers. Here's a summary of the key points:

Eligibility requirements:

- Employment: Verified employment or ownership in a profitable foreign company.
- Income: Minimum of EUR 3,000/month for the past six months.
- Health insurance: Comprehensive coverage is required.
- Accommodation: Proof of suitable housing in Hungary.
- No business in Hungary: No gainful activity or company ownership in Hungary.

White card overview:

- Duration: 1 year, renewable for 1 additional year.
- Minimum income: EUR 3,000 per month.
- Eligibility: Non-EU/EEA nationals working remotely for a foreign company.
- Application fee: EUR 110.
- Health insurance: Required (EUR 15+ per month).
- Work restrictions: No employment or company ownership in Hungary.

How to apply:

- Visa requirement: Non-EU nationals must first apply for the digital nomad visa to enter Hungary, while visa-free nationals can apply directly for the White card once in Hungary.
- Documents: Includes passport, health insurance proof, accommodation details, proof of income (EUR 3,000/month), and employment/business ownership documentation.
- Biometric data: Applicants must provide biometric data at a Hungarian immigration office after submitting their application.

Native Teams

- Processing time: The residence permit is usually processed in 21-30 days.

Once approved, the White card is issued, allowing digital nomads to live and work remotely in Hungary for up to 2 years.

A brief explanation can be found here: <https://hungaryvisa.org/visas/digital-nomad-visa/>