

Amendment of the rules on advertisement taxation

The Parliament passed the amendment of the Advertising Tax Act on 16 May 2016. As a result, the advertisement tax rate will be increased, taxes paid in the previous years can be reclaimed, and tax liability concerning self-promotion will be abolished.

First of all, we would like to emphasize that only publishing of advertisements as business activity is concerned. In case of ordering the advertisements, the previous rules still remain without any modifications.

Based on the law amendment, the tax liability will be discontinued on self-promotion. Tax liability will occur only in case of publishing advertisements for a fee.

According to the modified rules tax rate applicable between 1st of January and 30th of June will be 0% uniformly.

From 1st of July tax rate will be amended from the present 0% or 5.3% up to 7.5%, provided that tax base not exceeding 100 million HUF remains free of tax. This exemption classifies as 'de minimis' aid in order that provisions are to correspond to EU's state aid requirements. So, taxpayers can be exempted only if EU conditions are met, ie. total amount of the exemptions received in a 3-years period must not exceed the threshold of 200 000 €.

Temporary provisions are applicable for tax year involving 1st of July 2017, where for calculating tax base taxpayers can opt between methods of proportioning or closing accounts.

Taxpayers with permanent operation had to calculate their advance tax payment for 2017 until 31st of May 2017 based on data of the previous year's tax base deducting direct costs of self-promotion and applying effective tax rate of 0% and 5.3 % at that moment.

If pre-payment was determined in line with previous rules and the amount exceeds the sum of calculated advance payment according to the new provisions, a request for reduction can be submitted to the tax authority.

Taxes declared and paid for tax years closed until 30th of June 2017 will be treated as overpayments on the accounts of taxpayers. Non-binding ruling of the tax authority outlined that these overpayments can be refunded without self-revisions of former tax returns. Related to the conditions and methods of the refund the Tax Authority will notify the taxpayers.



Declared but not paid taxes for periods until 30th of June 2017 will not due. Please note, that according to the amendment, the exemption is only applied for the payment of the previous tax liability and not for the submission of the returns.

Should you have any questions related to the above mentioned information do not hesitate to contact us!

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