

## **Information regarding the Hungarian taxation on property lettings**

As your letting agent, I need to bring your attention to a very important development in the Hungarian taxation system for none resident property owners and Hungarian companies renting their property in Hungary. To rent a property officially in Hungary at the moment the owner requires a tax registration code a tax number and a Hungarian bank account.

To arrange this we have sourced an accountant's service wherein the accountant will apply for these tax numbers on behalf of you, our client.

(In case you already have this information and an accountant, please let me have their full contact details.)

In order to start the process we need the following from you:

- A. Two original authorization forms signed to appoint your accountant as your tax agent,
- B. A legible signed passport copy.

Both items must be sent back to us by post to address, **ManageRent Kft., 1061 Budapest, Kiraly u 30-32. II/4, Hungary** for the attention of Szelevényi Judit

The accountant's fee for the above is 25,000 HUF.

After you have received your valid tax numbers, **preliminary tax payment of 25% must be paid quarterly in advance.**

There are two options of paying tax in Hungary, and at the end of the tax year, your accountant will advise about the best option for you.

**1.** The first option is to pay 25% tax of the total income at source and no expenses can be claimed from this income.

**2.** The second option is that the rental income is considered as other income. In this case 10% is claimed as expenses and the rest of your income tax is paid on the following bases:

- Between 0 - 1,700,000 HUF yearly income your tax is 18%
- Above 1,700,000 HUF yearly income your tax is 36%

The tax payment dates are 12<sup>th</sup> of April, 12<sup>th</sup> of July, 12<sup>th</sup> of October and the 12<sup>th</sup> of January.

If you are not a private landlord but a limited company, the following tax requirements apply. Your rental income is calculated together with your other company incomes and your accountant will do up your tax report at the end of your financial year and you will be responsible to pay the relevant taxes that are due.

If you are a private person and your tenant is a company it is the company's duty to pay the related tax to the Hungarian tax authorities. You, the owner will receive the rest of the rental fee, excluding the tax. The tenant company is obliged to provide your management company or your accountant with a statement confirming the taxes are paid. At the end of the financial year your accountant will submit their tax report if they have paid too much preliminary tax

the Hungarian tax authority will refund the overpayment directly to your Hungarian bank account

The yearly accountant's fee is 35,000 HUF. (They will advise on the best tax option)