



Disclosure of income tax information

With the digitalization of the global economy and the increasing complexity of the operations of multinational enterprise groups, growing attention has been directed in recent years to the tax practices of the largest multinational groups. Both the international public and regulatory authorities have expressed an increasing demand for greater transparency regarding where large corporations create value and, in comparison, where and in what amount they pay corporate income tax.

In response to this initiative, Directive (EU) 2021/2101 of the European Parliament and of the Council was adopted, introducing a public disclosure obligation for income tax information (also referred to as public Country-by-Country Reporting) for financial years starting on or after 22 June 2024. Hungary implemented the provisions of the EU Directive through amendments to Act C of 2000 on Accounting. The objective of the regulation is twofold: on the one hand, to contribute to curbing aggressive tax planning practices and mitigating base erosion, and on the other hand, to strengthen trust in market participants by providing a clearer picture of companies' actual value creation and the amount of profit tax paid in individual jurisdictions.

Pursuant to the EU Directive and the Hungarian Accounting Act, where the consolidated total revenue of a multinational group exceeds EUR 750 million (or HUF 275 billion in the case of a group with a Hungarian ultimate parent company) for two consecutive financial years, the group is required to publish a report on income tax information, which largely overlaps with the Country-by-Country

Report. One of the main uncertainties of the new regulation lies in determining which entity within the group is required to disclose the report and in what form. Considering that most taxpayers operate on a calendar-year basis, the first affected financial year has already passed, and the related reporting deadlines are rapidly approaching. Therefore, it is advisable for affected groups to assess which entities or branches within the group may be subject to the reporting obligation and, in the case of groups with a non-EU ultimate parent, to designate the entity or branch responsible for publishing the report on behalf of the group.

The checklist below may assist your company or branch in determining whether a reporting obligation for income tax information arises

Checklist for determining the reporting obligation

1. Size of the group

Question	Yes (✓)	No (✗)
Is your company or branch part of a group whose consolidated total revenue exceeded 750 million EUR (or 275 billion HUF in the case of a Hungarian ultimate parent) in each of the last two consecutive financial years?	<input type="checkbox"/>	<input type="checkbox"/>

- ➔ If **no** → the group is not subject to the reporting obligation. No further action is required.
- ➔ If **yes** → proceed to point 2.

2. Groups with a Hungarian ultimate parent company

Question	Yes (✓)	No (✗)
Is your company the ultimate parent company resident in Hungary?	<input type="checkbox"/>	<input type="checkbox"/>

- ➔ If **yes** → the Hungarian ultimate parent must disclose and publish the report by the last day of the 6th month following the financial year and also make it available on its website.
- ➔ If **no** → proceed to point 3.

3. Groups with an ultimate parent company established in the European Union

Question	Yes (✓)	No (✗)
Is the ultimate parent company of the group established in another EU Member State?	<input type="checkbox"/>	<input type="checkbox"/>

- ➔ If **yes** → the obligation to publish the report lies with the ultimate parent in that Member State; the Hungarian subsidiary or branch has no reporting obligation.
- ➔ If **no** → proceed to point 4.

4. Groups with a non-EU ultimate parent company

Question	Yes (✓)	No (✗)
Does the non-EU ultimate parent prepare the report and is it published by an EU-based subsidiary or branch in accordance with applicable legal requirements?	<input type="checkbox"/>	<input type="checkbox"/>

- ➔ If **yes** → the Hungarian subsidiary or branch is not required to publish the report.
- ➔ If **no** → proceed to point 5.

5. Operation as a subsidiary in the case of a non-EU ultimate parent

Question	Yes (✓)	No (✗)
Is the group present in the EU only in Hungary, or does the group intend to publish the report in the European Union in Hungary?	<input type="checkbox"/>	<input type="checkbox"/>

- ➔ If the answer is **yes to all of these questions** → the Hungarian subsidiary must disclose and publish the report (and make it available on its website), and attach a statement in the case of missing information, by the last day of the 5th or 6th month following the financial year (due to regulatory uncertainty, the exact deadline requires further analysis).
- ➔ If the answer is **no to all questions** → proceed to point 6., to the point of branches.

6. Operation as a branch in the case of a group with a non-EU ultimate parent

Question	Yes (✓)	No (✗)
Are you the only presence of the group in the European Union as a branch, and does the annual net turnover attributable to the branch exceed 4 billion HUF ?	<input type="checkbox"/>	<input type="checkbox"/>

- ➔ If the answer is **yes to all of these questions** → the Hungarian branch must file and publish the report and attach a statement in case of missing information by the last day of the 5th or 6th month following the tax year (exact deadline subject to further analysis due to regulatory uncertainty).
- ➔ If the group also has other EU entities → the branch may be exempt if another EU entity undertakes the publication obligation.
- ➔ If the net turnover attributable to the branch does not exceed 4 billion HUF → the branch is exempted from the reporting obligation.

How can we help you?

The experts of Forvis Mazars are at your disposal to assess whether your company is subject to the income tax information reporting obligation and to determine, from a planning perspective, whether it is advisable to designate a Hungarian entity or branch to publish the report in cases where the group's ultimate parent is located outside the European Union.

Upon request, we can prepare your group's public CbCR report in compliance with EU and Hungarian legal requirements, ensuring that it is suitable for submission and publication in the appropriate file format. We are also pleased to provide guidance on the publication process.

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