Doing business in Hungary

Guide 2026

forv/s mazars

Contents

Partner Letter

Welcome to Hungary

Dear Reader,

It is particularly important for potential investors to be aware of the economic environment of the target country of investment, with special attention to the taxation system.

Irrespective of whether we are discussing the setting up of a business, the ongoing operations of a company, or various non-recurring events, there is no getting away from the importance of tax issues.

Tax non-compliance may trigger serious financial consequences and have an immediate cash flow effect. However, through appropriate tax planning, not only can cost savings be achieved, but new prospects may be opened up, thereby increasing the satisfaction of the company's stakeholders.

Forvis Mazars published this guide to provide help and offer professional services to future investors in Hungary. By introducing the Hungarian business milieu, our aim was to highlight the main characteristics.

If any further information or guidance is needed, our team of experts will be happy to assist foreign investors in any related matters.

Dr. Dániel H. Nagy LL.M.

Dr. Dániel H. Nagy LL.M.
Partner, Head of Tax
and Legal Services
Mobile: +36 20 406 5582
daniel.h.nagy@mazars.hu

Dániel is partner of Forvis Mazars and leads the Tax and Legal service line. He has a degree in law (also LL.M.), is a certified accountant and tax advisor. He has sound knowledge of the Hungarian and international tax systems and the operation of the Tax Administration.

Dániel also has extensive experience regarding the legislation of common charges imposed on companies. He is an experienced professional regarding mergers and acquisitions, tax audits and the audit of enforcement proceedings.

General Information

Hungary is a European country in every way: in geographical, historical, cultural and economic terms

- Situated in Central Europe
- Area: 93,000 km^2
- Population: about 9,6 million*
- Capital: Budapest
- Goverment type: Parliamentary Republic
- Time zone: Central European Time Zone (CET)

Membership in major international organizations

- European Union (2004)
- Schengen Agreement (2007)
- NATO (1997)
- OECD (1996)
- Visegrád Group (1991)

* CSO — Central Statistics Office of Hungary

9.6 m

Population

2.1%

Inflation in January 2026

+0.4%

GDP growth in 2025

397.91

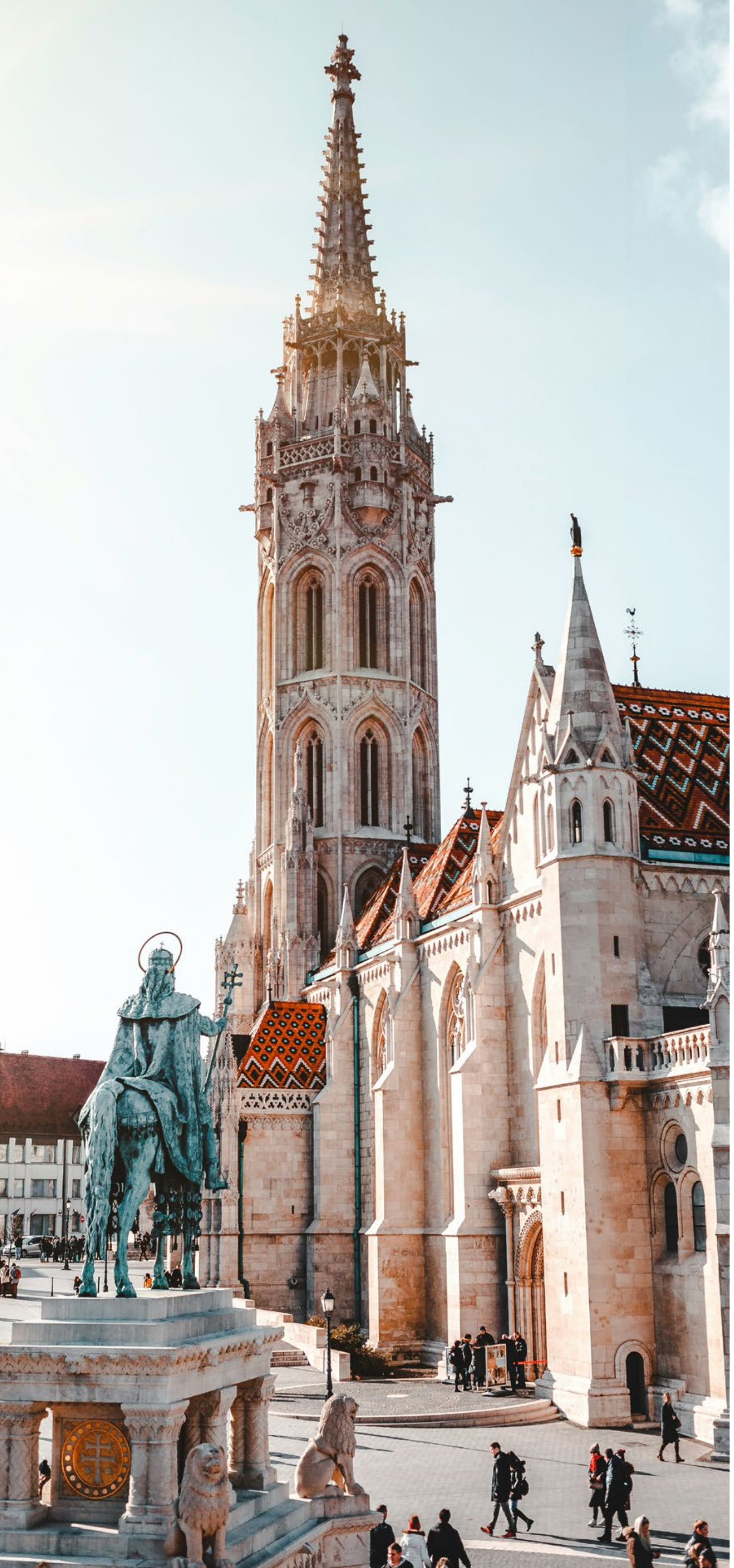
HUF / EUR (Average FX rate 2025)

4.4%

Unemployment rate

BBB-

S&P credit rating



Why Doing Business in Hungary

Situated at the very heart of Europe, Hungary is an ideal business location for manufacturing, service operations, and R&D centres.

Major industries in Hungary

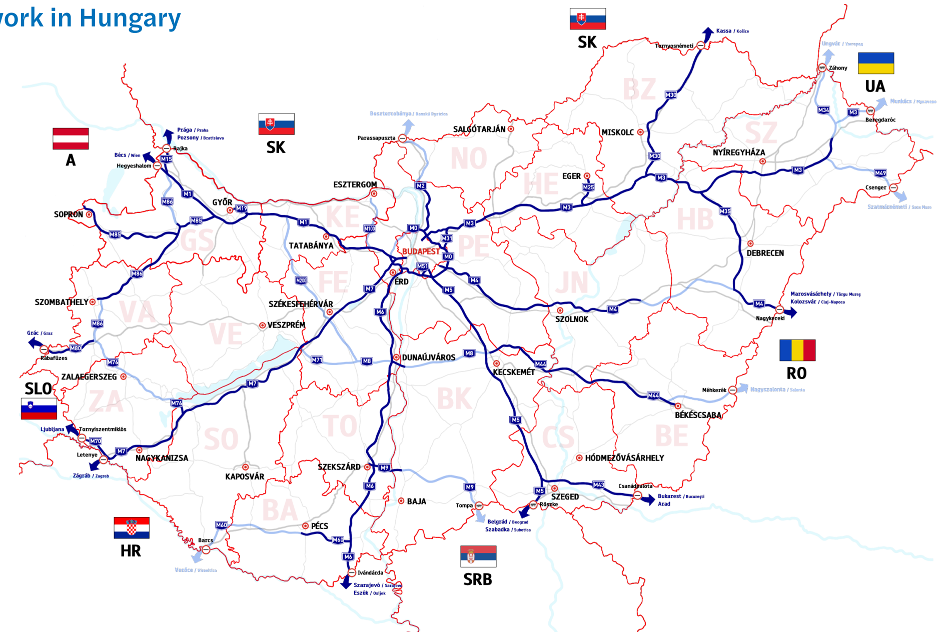
- Export-Oriented Market Economy: Hungary has a strong emphasis on foreign trade, making it the 35th largest export economy globally. Major export goods include machinery, equipment, and manufactured products.
- Diverse Industrial Base: The economy is supported by various industries such as mining, metallurgy, construction materials, food processing, electronics, textiles, chemicals, pharmaceuticals, motor vehicles, and information technology.
- Service Sector Dominance: Services account for the largest share of the GDP, followed by industry and agriculture.
- Economic Growth and Challenges: Hungary experienced significant economic growth in the early 2020s, with a GDP increase of 4.6% in 2022. However, growth slowed due to external factors like the Russian-Ukrainian war.
- High Human Development Index: Hungary boasts a very high Human Development Index (HDI), reflecting its skilled labor force and relatively low income inequality.
- Monetary and Fiscal Policies: The Central Bank of Hungary has implemented policies to stabilize the economy, including reducing the base rate and managing the budget deficit.
- Foreign Direct Investment (FDI): Hungary attracts substantial FDI, contributing to its economic development and integration into global markets.
- Economic Resilience: Despite challenges, Hungary's economy has shown resilience, particularly during the COVID-19 pandemic and geopolitical tensions.

Why Doing Business in Hungary

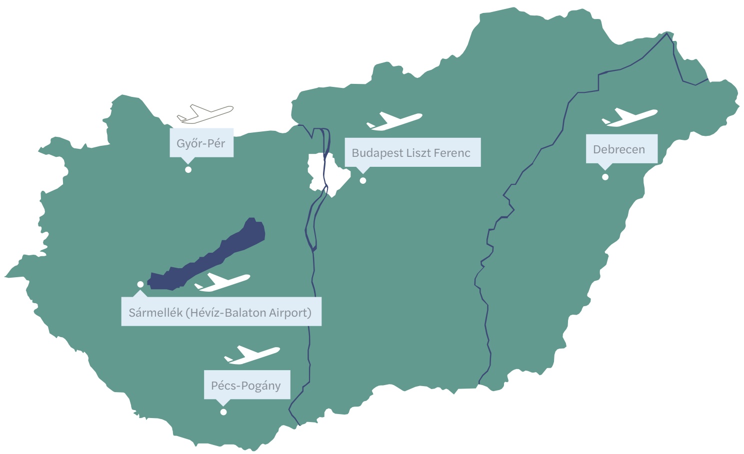
Infrastructure

- Extensive Road Network: Hungary boasts one of the highest motorway densities in Europe, with major highways connecting all significant towns and cities to the capital, Budapest. The country is strategically located at the crossroads of four main European transportation corridors.
- Comprehensive Railway System: The railway network spans 7,729 km, with a significant portion being electrified. Hungary's rail system is well-integrated with European networks, facilitating efficient freight and passenger transport.
- Air Transportation: Hungary has several international airports, including Budapest Liszt Ferenc International Airport, Debrecen, and Balaton-Sármellék. These airports support both commercial and seasonal flights.
- Waterways: The Danube River runs through Hungary, providing excellent waterway connections. The Rhine-Main-Danube Canal links the North Sea and the Black Sea, enhancing Hungary's shipping capabilities.
- Logistics Hubs: Hungary's central location makes it an ideal spot for international distribution centers. Over 30 modern logistics centers and warehouse parks are concentrated around Budapest.
- Public Transport: Hungary has an efficient public transport system, including buses, trams, and metro services, particularly in Budapest.
- Telecommunications: The country has a well-developed telecommunications infrastructure, with widespread internet and mobile network coverage.

Motorway network in Hungary



Airports in Hungary



strategic location in Europe

excellent infrastructure

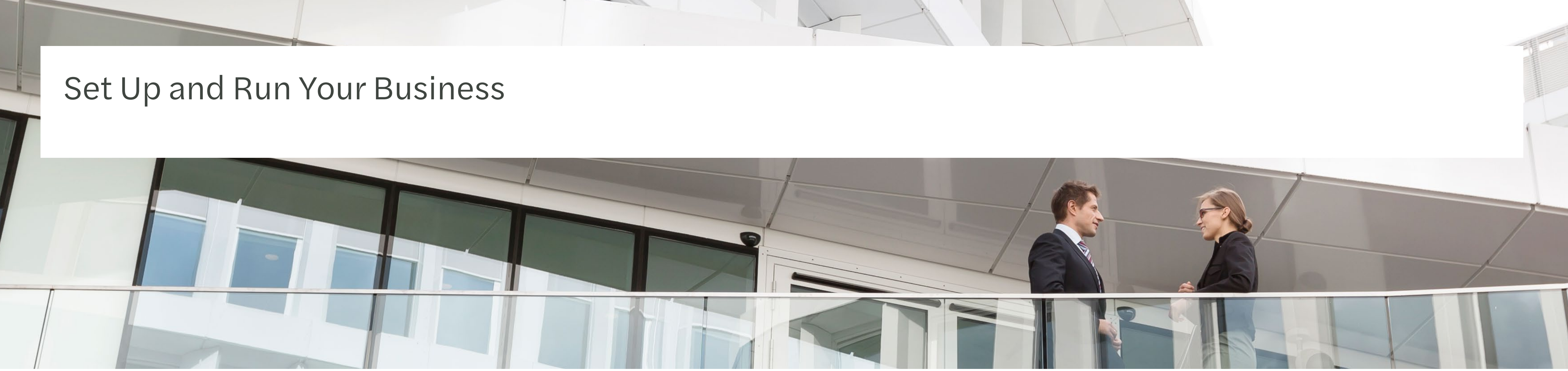
skilled labor force

relatively low labor costs

financial and fiscal stability

competitive tax system

Set Up and Run Your Business



Which types of business entities can be established by resident and non-resident individuals and legal entities?

A company established under Hungarian law

- business association with legal personality
- registered by the Hungarian Court of Registry

Branch office of the foreign company

- a separate organisational unit of the foreign business association without legal personality
- registered by the Hungarian Court of Registry
- entitled to carry out business activities in Hungary

Commercial representative office of the foreign company

- scope of activities is limited; it may not conduct business activities
- preparing contracts and carrying out information, advertising and promotional activities on behalf of the foreign company

Business activities which do not require the foundation of enterprises

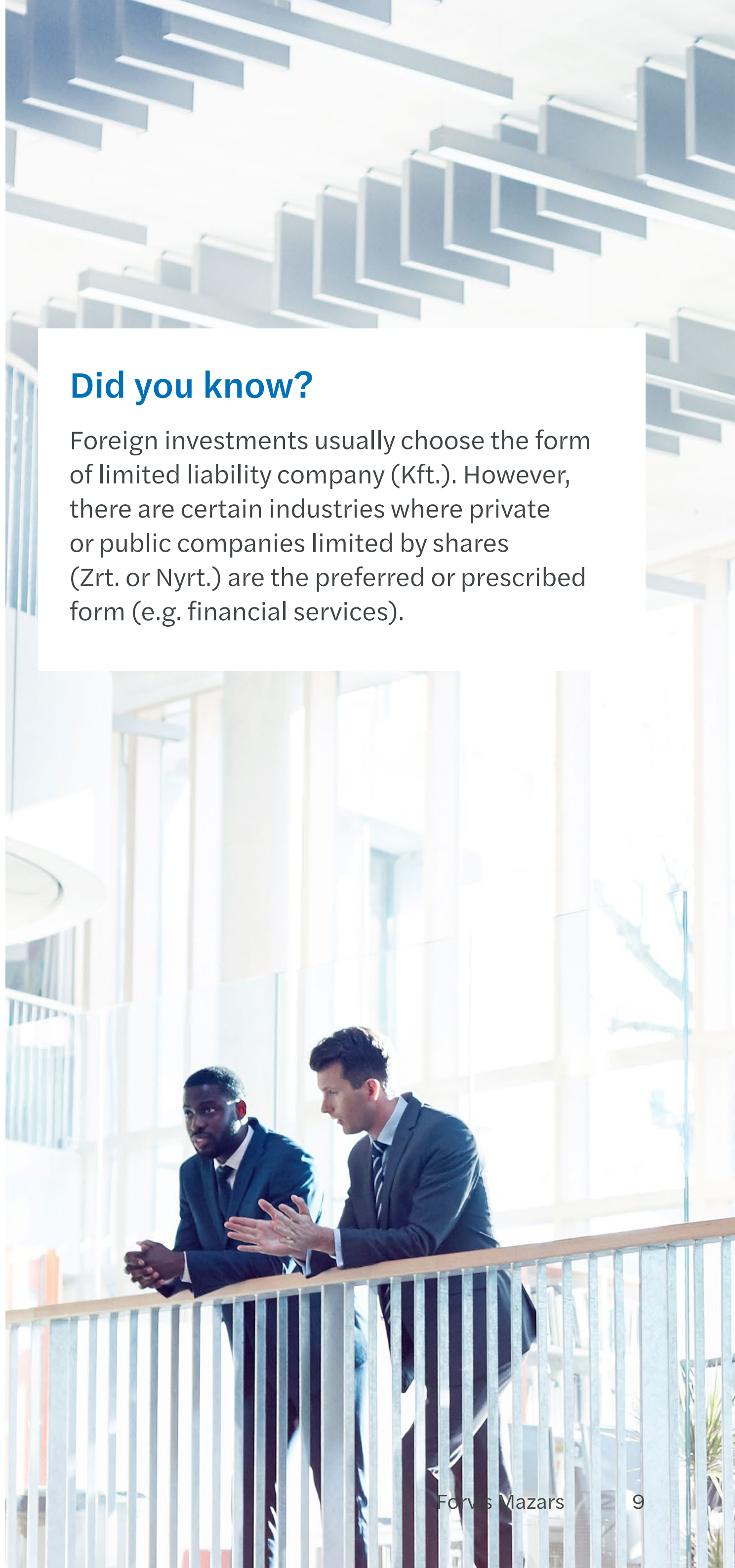
- trading goods or providing services in Hungary without any local presence
- renting of real estate, artistic performances, professional sporting activities, etc.
- tax registration is sufficient for these activities (appointing a Hungarian fiscal representative is mandatory for non-EU legal persons)

Set Up and Run Your Business

Company forms in Hungary

	Ordinary Partnership (Kkt.)	Limited Partnership (Bt.)	Limited Liability Company (Kft.)	Private Companies Limited By Shares (Zrt.)	Public Companies Limited By Shares (Nyrt.)
Members	at least two members	at least two members	possible to establish with a single member	possible to establish with a single member share-holder	shares are traded openly on the Stock Market
Liability	joint and several liability	at least one of the members takes unlimited liability (general partner)	limited to capital contributions	limited to the value of share capital invested in the company	limited to the value of share capital invested in the company
Minimum registered capital	no minimum	no minimum	HUF 3 million (EUR 7,600)	HUF 5 million in (EUR 12,650)	HUF 20 million (EUR 50,600)
Costs	free of stamp duty	free of stamp duty	free of stamp duty	HUF 100,000 (EUR 250)	HUF 100,000 (EUR 250)
Costs (simplified registration procedure)	free of stamp duty	free of stamp duty	free of stamp duty	HUF 50,000 (EUR 130)	not available procedure

* exhange rate HUF/EUR: 395,2



Did you know?

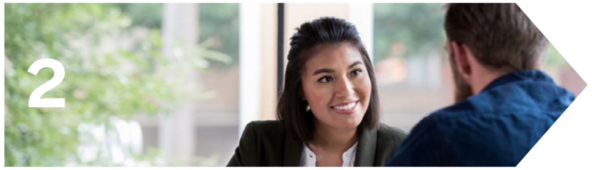
Foreign investments usually choose the form of limited liability company (Kft.). However, there are certain industries where private or public companies limited by shares (Zrt. or Nyrt.) are the preferred or prescribed form (e.g. financial services).

Set Up Your Company in Hungary

Auditor: The auditor, elected by the company's shareholders' meeting, is responsible for verifying that the (annual) report drawn up by the company as specified by the Accounting Act complies with the relevant legal provisions. The appointed auditor also forms an opinion on whether the statutory accounts (balance sheet, profit and loss accounts and the associated data) made available to the public are true and fair.

Preparation of corporate documents by a Hungarian attorney-at-law.

Costs: Attorney fees range widely.



Opening of a bank account.

Costs: depending on the bank.

Registration of the company at the Hungarian Court of Registry must be submitted electronically via a legal representative. "One-stop shop": the Court of Registration obtains the company's tax number and statistical code. The registration procedure takes 15 working days. Legal representation is obligatory.

Registration with the Hungarian tax authority, municipality, chamber of commerce.

Costs: free of charge at the tax authority and municipality; HUF 5,000 (approx. EUR 12.5) annual fee payable to the Hungarian Chamber of Commerce and Industry.

Data provision on employees to the tax authority.

The Hungarian Tax System

Over the past 15 years, Hungary's tax legislation has undergone significant changes, reflecting broader economic and social policies. Here are some key trends and developments:

- Flat Tax System: In 2011, Hungary introduced a flat personal income tax rate of 16%, which was later reduced to 15% in 2016. This move aimed to simplify the tax system and stimulate economic growth.
- Corporate Tax Reductions: The corporate tax rate was progressively reduced, reaching 9% in 2017, making it one of the lowest in the European Union. This was intended to attract foreign investment and boost competitiveness.
- Family Tax Benefits: There has been a strong focus on supporting families through tax allowances and benefits. The family tax allowance has been increased multiple times, most recently in 2025, to encourage higher birth rates and support family welfare.
- Introduction of Sector-Specific Taxes: Hungary introduced various sector-specific taxes, such as the banking tax, telecommunications tax, and retail tax, to increase budget revenues and address sectoral imbalances.
- VAT Adjustments: The standard VAT rate was increased to 27% in 2012, one of the highest in the EU, to stabilize public finances. However, reduced rates were applied to essential goods and services.
- Simplification for SMEs: Several measures were introduced to simplify tax compliance for small and medium-sized enterprises (SMEs), including the introduction of the KIVA system (simplified Hungarian small-medium business tax with a 10% tax rate), which offers a simplified tax regime for small businesses.
- Digitalization and Compliance: The Hungarian tax authority has increasingly focused on digitalization and improving tax compliance. The introduction of online invoicing and electronic reporting systems has been part of this effort.
- Environmental Taxes: In recent years, there has been a growing emphasis on environmental sustainability, with the introduction of taxes aimed at reducing carbon emissions and promoting green energy.
- Digital VAT Compliance: Hungary is implementing the EU's VAT in the Digital Age (ViDA) package, introducing eVAT and eInvoicing, aligning its VAT system with EU law and strengthening digital compliance.

An overview of the taxes currently in force in Hungary

In a unique way among European countries, Hungary does not levy withholding tax on dividend, interest, royalty or capital gains paid to foreign corporate entities. This feature makes Hungary an attractive holding location.

Direct taxes

Companies

- corporate income tax
- R&D contribution
- local business tax
- income tax of energy suppliers
- Pillar 2 (Global minimum tax)

Employers (Payroll Taxes)

- social contribution tax
- rehabilitation contribution

Individuals (Employees)

- personal income tax
- social contribution

Indirect taxes

- VAT
- excise duty
- customs duty

Other taxes

- duties on the transfer of property (e.g. real estate transfer tax — RETT)
- environmental product fee
- extended producer responsibility
- public health product fee
- company car tax
- bank tax, etc.

Compliance, tax audit and penalties

- As a general rule the tax system is based on self-assessment, however in some cases (import VAT, RETT, customs duties) tax is assessed by the tax authority.
- General tax audit may focus on certain tax liabilities while there are full-scope tax audits as well.
- In case of a tax audit, the Tax Authority may establish tax difference. If the tax difference qualifies as a shortage, the Authority assesses:
  - Tax penalty — 50% of the tax shortage.
  - Late payment interest — 5% + the prime rate of the Hungarian Central Bank.
- The Authority may also assess various default penalties related to administrative deficiencies.

Successfully reducing the volume of black market transactions

Considerable tax cuts

Ensuring economic stability, fueling growth and encouraging new investments

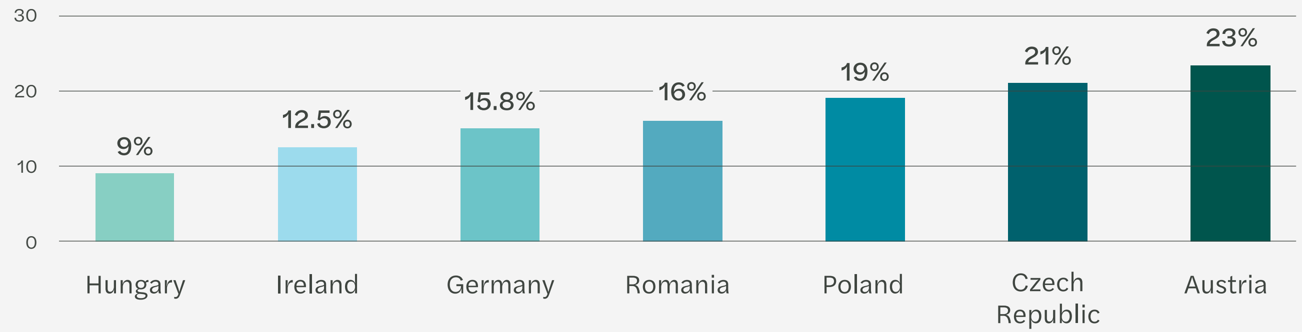
Corporate Income Tax

Enjoy the lowest income tax rate in the EU. Hungary introduced a 9% corporate income tax (CIT) rate from January 1, 2017

Hungary offers a wide range of tax incentives to support foreign direct investments and reinvestments by local enterprises. Investors should note that:

- The tax liability of resident taxpayers applies to their income from Hungary and from abroad;
- In Hungary, the tax liability of non-resident taxpayers only extends to income obtained from economic activities performed at a permanent establishment in Hungary (in line with the OECD model convention on double taxation);
- With more than 80 double tax treaties, Hungary has a wide international treaty network;
- The corporate tax base is the earnings before taxation modified by certain items described in the Corporate Income Tax Act;
- Direct R&D costs are to be deducted from the tax base;
- 50% of the income recognised as royalty is to be deducted from the tax base (in line with the Nexus approach);
- There is an interest limitation rule in force in Hungary (EBITDA based);
- Revenues received or due as dividends are to be deducted from the tax base (with the exception of the income received as dividends and shares from a CFC);
- Transfer pricing regulations: prices applied in related-party transactions should meet the arm's length test. Documentation on the arm's length prices should be prepared with respect to all related party transactions;
- In Hungary, taxpayers can reduce the amount of their tax liabilities by a number of tax incentives (e.g. tax credits for development).

Tax rates in some EU Member States (%)



Did you know?

In Hungary, no withholding tax is paid if the income (capital gains, dividend, interest, royalty, etc.) is paid by a Hungarian company to a foreign entity.

Tax Planning Opportunities

Hungary offers a broad range of tax planning opportunities that can be leveraged throughout the entire business lifecycle — from initial market entry and structuring to ongoing operations and a potential exit. By putting the right structure in place at an early stage, businesses can optimize their tax position, enhance operational efficiency, and retain flexibility for future strategic decisions. Careful planning not only supports day-to-day tax efficiency, but can also play a key role in maximizing value upon exit.

Among others, the following tax planning tools and structuring options may offer significant advantages for businesses operating in Hungary:

- Trust structures: Hungary has further developed its trust regime in recent years, creating opportunities for efficient wealth management, asset protection, and succession planning. Properly structured arrangements may also support valuation planning and long-term capital growth.
- Preferential transactions: Hungarian tax law provides for a range of preferential or tax-neutral transactions, including reorganizations, asset transfers, and share-for-share exchanges. Subject to meeting specific statutory conditions, these transactions may be carried out on a tax-deferred basis, allowing businesses to restructure without immediate tax leakage.
- Participation exemption regime: Under certain conditions, capital gains derived from the disposal of qualifying shareholdings may be exempt from corporate income tax. This regime can play a key role in structuring investments and exits in a tax-efficient manner, particularly for holding companies.
- Holding company advantages: Benefiting from tax-exempt dividend income, the absence of withholding tax on outbound dividends in most cases, and the wide range of tax planning opportunities outlined above, Hungary represents an attractive location for establishing holding structures. This makes it particularly well-suited as a platform for regional or broader European expansion.

Transfer Pricing

Under the new decree effective from 2026, taxpayers may be required to prepare transfer pricing Local File for related-party transactions exceeding ~ EUR 390,000, with a Master File requirement above ~ EUR 1.3 million.

Since 2022, the transfer pricing data disclosure has formed part of the Hungarian corporate income tax return and essentially represents a structured extract of the Local File. This report serves as a primary source of information for the tax authority's transfer pricing risk assessment and audit selection process.

Transfer pricing in Hungary		(exchange rate HUF/EUR: 385.4)
Arm's length principle	✓	since 1996
Documentation liability	✓	since 2003
Advance Pricing Agreement (APA)	✓	since 2007
Country-by-Country Report	✓	from FY 2016
Public Country-by-Country Report	✓	The EU Public CbCR rules apply to financial years commencing on or after June 22, 2024.
Master File — Local File	✓	New decree effective from 2026. The Master File is aligned with OECD TPG (2022) Chapter V requirements, while the Local File follows OECD Chapter V with significant number of local-specific requirements.
TP data disclosure	✓	Since 2022, it is an extract of the Local File and due together with the corporate tax return.
Benchmarking requirements	✓	Search strategies are regulated by the decree, local comparables are preferred, if the tested party is Hungarian. Segmented financials are required for tested transactions if the entity engages in multiple intercompany transactions or conducts the same type of transaction with both related and independent parties.
Penalty • lack of documentation	✓	~ EUR 12,900 / missing documentation doubled on recurrent basis
• tax shortage	✓	50% on tax underpayment + late payment interest
Related parties	50% <	direct or indirect control or common managing director
Safe harbor	✓	low value added services: 5% mark-up
Level of attention paid by Tax Authority		**9/10**

Local Business Tax (LBT)

In addition to the 9% CIT, LBT is also payable to the municipality where the business activity is carried on, at rate of maximum 2% (depending on the local legislation).

- The tax base is the net sales revenue, that may be reduced by, for example COGS, however, salary costs are not deductible.
- In the case of multiple establishments in Hungary, the tax base shall be divided between the municipalities concerned.
- LBT qualifies as tax-deductible cost for CIT purposes.

Calculation of the tax base:

Net sales revenue

- COGS and mediated services*
- Material expenses
- Subcontractor services
- Direct costs of R&D

* Deductible to a limited extent in case of net sales revenue exceeding EUR 1,340,000 approx.

Value Added Tax

Completely EU-compatible VAT system

VAT is levied on

- the supply of goods and
- the provision of services in Hungary;
- as well as on intra-community acquisitions and imports that are made by a taxable person.

The general VAT rate is 27%. Reduced rates are

- 18% (e.g. bread, diary products)
- 5% (e.g. journals, books, medicines, certain forms of beef, pork, lamb and goat meat, poultry products, egg and certain types of milk, restaurant/ catering services, the use of Internet services and, accommodation services).

Tax exemptions

- intra-community sales, exports, services performed outside Hungary;
- certain services (e.g. certain human medical and social health care and welfare services, most education, classic postal services, most of the banking and insurance services, etc.) performed within the territory of Hungary are also tax exempt. Hungarian companies belonging to the same group can create a VAT group with a single VAT identity number, and can file one single VAT return for the entire group.

Administrative requirements

- with respect to invoicing and keeping accounting records;
- the use of software products producing invoices, pre-printed invoice forms, and cash registers are highly regulated and are in the focus of the tax inspections performed by the tax authority;
- businesses are required to submit monthly VAT returns in most cases;
- newly registered businesses have to file VAT returns monthly for 2 years;
- invoicing software shall satisfy the requirements of the real-time automatic data exchange.

Foreign business performing business activities in Hungary that do not require the foundation of an enterprise (locally established entity, branch or any kind of PE) can be liable to pay VAT in Hungary, and therefore be required to register for VAT in Hungary. Non-EU companies having to register for VAT purposes in Hungary must appoint a fiscal representative, who has joint and several liability for the tax liabilities of the foreign company.

Value Added Tax

Completely EU-compatible VAT system

In the table below, we summarize the main applicable and limit options concerning VAT compliance in Hungary:

Options	(exchange rate HUF/EUR: 380)
Distance selling	EUR 10,000 / year
Call-off stock	✓
VAT group registration*	✓
Cash accounting — yearly amount in EUR (approx.)	appr. EUR 340,000 / year
Import VAT deferment is applicable	✓
Local reverse charge	sale of waste, agricultural products, emission quotas, pawn, construction services, handing over of a constructed structure
Option for taxation	
• letting of real estate	✓
• supply of used real estate	✓
VAT registration threshold **	No

* Available only for related parties

** Special VAT exemption applies for small businesses

Personal Income Tax and Social Security System

Beginning from 2011, the personal income tax rate has been gradually reduced. Currently in Hungary a flat rate PIT of 15% is applied. In addition, the government recently implemented a process of decreasing the social security contributions rates.

Year	Social contribution	Minimum wage (HUF)	Qualified Minimum wage (HUF)
2026	13%	322,800	373,200

2026 in Hungary	Minimum wage		Private sector	
Exchange rate HUF/EUR 397,91	in HUF	in EUR	in HUF	in EUR
	322,800	811	680,900	1,711
Total Wage Cost	364,764	917	769,417	1,934
Social contribution tax (13%)	41,964	105	88,517	222
Gross Salary	322,800	811	680,900	1,711
Personal income tax (15%)	48,420	122	102,135	257
Healthcare and pensions contribution (18.5%)	59,178	149	125,967	317
Net salary	214,662	539	452,798	1,138

Pillar 2 Rules — Hungary

As of January 1, 2024, Hungary implements the Pillar 2 rules through Act LXXXIV of 2023 on additional taxes, supported by a Ministerial Decree defining the implementation framework. The rules are aligned with the OECD Model Rules, relevant EU Directive provisions.

Scope: based on the Hungarian global minimum tax legislation, the Hungarian tax resident constituent entities of multinational enterprises („MNE") should be subject to global minimum tax provided that

(i) the annual revenue of the MNE group included in the consolidated financial statement of the ultimate parent entity exceeds EUR 750 million in at least two of the last four tax years, and

(ii) the Hungarian tax resident entities are not considered as excluded entities or if so the filing entity makes an election not to treat the given entities as excluded entities.

A taxpayer should be considered as a constituent entity if its income, expenses, assets and liabilities are consolidated at the level of the ultimate parent entity of a Group on a line-by-line basis or if they are excluded from the consolidation due to size or materiality grounds or on the grounds that the taxpayer is held for sale purposes.

Notwithstanding the above, even if a member of an MNE is not considered as a constituent entity under the Hungarian global minimum tax legislation, its low-taxed income should be brought within the scope of the Hungarian global minimum tax legislation if the entity is considered as, amongst others, a joint venture under the Hungarian global minimum tax legislation

Purpose: The rules are designed to discourage harmful tax competition by introducing a minimum effective tax rate of 15% on global income. This has particular relevance in Hungary, where the standard corporate income tax rate is only 9%, making Pillar 2 a key consideration in multinational tax planning.

Practical Implications: The rules involve complex computations and compliance requirements, affecting financial reporting, tax planning, and cross-border structuring. Our office has advised numerous clients on Pillar 2 matters and offers comprehensive services, including compliance, optimization, and reporting support, to ensure multinational enterprises can fully navigate these new requirements.

Bilateral Double Taxation Treaties as of January 1, 2026

Albania
Andorra
Armenia
Australia
Austria
Azerbaijan
Bahrain
Belarus
Belgium
Bosnia and Herzegovina
Brazil
Bulgaria
Canada
China
Croatia
Cyprus
Czech Republic
Denmark
Egypt
Estonia
Finland
France

Georgia
Germany
Great Britain
Greece
Hong Kong
Iceland
India
Indonesia
Iran
Iraq
Ireland
Israel
Italy
Japan
Kazakhstan
Kosovo
Kuwait
Kyrgyzstan
Latvia
Liechtenstein
Lithuania
Luxembourg

Macedonia
Malaysia
Malta
Mexico
Moldova
Mongolia
Montenegro
Morocco
Netherlands
Norway
Oman
Pakistan
Philippines
Poland
Portugal
Qatar
Romania
San Marino
Saudi Arabia
Serbia
Singapore
Slovakia

Slovenia
South Africa
South Korea
Spain
Sweden
Switzerland
Taipei
Thailand
Tunisia
Turkey
Turkmenistan
Ukraine
United Arab Emirates
Uruguay
Uzbekistan
Vietnam

Forvis Mazars Info

Forvis Mazars' tax specialists are committed to delivering value-added, client-focused tax services with regard to all of our clients' expressed and confidential tax concerns. It is our objective to understand our clients' businesses and the commercial, regulatory and industry-specific issues they face, in order to provide the best solution in any given situation. We work closely with our accounting and finance departments, and we are also in a position to recommend and engage our reliable partners for legal advice. Hence you will find all the necessary services in one place. Our experts are supported by the Forvis Mazars international tax network, enabling us to act globally when serving our clients.

Forvis Mazars' tax advisors provide complete tax advice to their clients and prospective partners. Our main tax services are detailed below:

- Transfer pricing
- Flat-rate tax advisory services
- VAT advisory services
- Expatriate services
- Tax audit-due diligence
- Legal services

We hope that our publication provides you with useful information and an extensive insight into the business environment of Hungary. In the case of any unclear issues, our team of experts will be at your disposal.

Contacts

Forvis Mazars Kft.
Váci Greens Office, Building F
Fiastyúk utca 4—8, 2nd floor
H-1139 Budapest, Hungary
Phone: (36-1) 429 3010

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