

Hungary

Summary of CbC Reporting and Transfer Pricing Documentation Rules

Country-by-Country Report

- Effective Date: Fiscal year beginning on or after January 1, 2016.
- Filing Threshold: MNEs with annual consolidated revenue of at least €750 million in the previous year.
- Local Filing: For fiscal years beginning on or after January 1, 2017, a Hungarian subsidiary may be required to file a CbC report if certain conditions are met.
- Information Reported: Generally consistent with the OECD guidance.
- Language: Hungarian, but English may be accepted.
- Forms/Filing Instructions (see [National Tax and Customs Administration website](#)):
 - CbC Notification of Reporting Entity: Form “XX”T201T filed electronically using domestic schema.
 - CbC Report: Form “XX”CBC filed electronically using domestic schema.
- Deadline for Filing Notification of Reporting Entity: By the last day of the reporting year.
- Deadline for Filing CbC Report: Within 12 months after the last day of the reporting year.
- Penalties: Penalties up to HUF 20 million may apply for non-compliance.
- Exchange of CbC Reports:
 - MCAA CbC: signed.
 - EU Directive 2016/881: enacted.
 - U.S. CAA CbC: in negotiations (CbC reports for fiscal years beginning from 2021 will be spontaneously exchanged).

For a schedule of CbC report and CbC notification deadlines (by country), please see [CbC Reporting Deadlines](#).

Public Country-by-Country Report (amendment of Act C of 2000 on Accounting)

- Effective Date: Financial years beginning on or after June 22, 2024.
- Reporting Threshold:
 - A Hungarian MNE (or a Hungarian stand-alone company) with consolidated revenue exceeding HUF 275,000 million in each of the last two consecutive financial years (and active in at least one other tax jurisdiction).
 - A Non-EU headquartered MNE with a Hungarian subsidiary (or branch) meeting certain conditions, if the consolidated revenue of the group exceeds €750 million in each of the last two consecutive financial years.

Consistent with the EU directive, financial institutions established in Hungary that are already subject to separate reporting under EU Directive 2013/36 are exempt from this reporting obligation.

- Information Reported and Presentation of Information: The information reported, as well as the presentation of the information, is consistent with the EU directive. A common template and electronic reporting format will be provided.

Bloomberg Tax

According to the EU directive, the information reported includes the name of the ultimate parent company, financial year in question and currency used; a brief description of the nature of the business activities; number of full-time employees; net revenue; profit or loss before income tax; income tax accrued; income tax paid; and accumulated earnings. The Hungarian rules require that the reasons for any significant differences between the amount of income tax accrued and income tax paid must be presented in the report.

In addition, the EU directive provides that the data be disclosed (i) separately for each EU member state; (ii) separately for each country listed on the EU list of non-cooperative jurisdictions (i.e., “blacklist”) or listed for two consecutive years on the “grey list”; and (iii) aggregated for the rest of the world.

- Publication and Accessibility: In general, the report must be filed with the annual report, and published on the company website of the reporting entity and on the public registry of Hungary.
- Deferral: The optional provision regarding the deferral of certain commercially sensitive information for up to five years was not included.
- Audit Requirement: Consistent with the EU directive, the audit report must include a statement of whether a CbC report was required to be published and, if so, if the report was published in accordance with the rules.
- Penalties: Specific penalty provisions have not been introduced.

Master File

- Effective Date: Financial years beginning on or after January 1, 2018.
- Filing Threshold: Required if local file is required.
- Information Reported: Generally, in line with OECD guidance.
- Language: Hungarian, English, German, or French.
- Deadline for Preparation: Prepared no later than 12 months after the last day of the year covered (however, if no master file report is prepared within the group or if the UPE is a Hungarian tax resident, the deadline for preparation is the deadline for filing the corporate income tax return (i.e., 5 months after the last day of the fiscal year)). Submitted to the tax authorities upon request.
- Penalties: Penalties up to HUF 5 million may apply for non-compliance (increased from HUF 2 million). In the case of repeated violations, penalties up to HUF 10 million may apply (increased from HUF 4 million).

Local File

- Effective Date: Financial years beginning on or after January 1, 2018.
- Filing Threshold: Related party transactions exceeding HUF 100 million in the covered tax year (HUF 50 million for tax years beginning before 2022). Certain exemptions may apply.
- Information Reported: Generally, in line with OECD guidance; however, additional local file requirements apply. Simplified documentation may be prepared for certain low value-adding services.

From tax years beginning in 2023, the local file must be prepared on a transaction-by-transaction basis or on a consolidated transaction basis if certain conditions are met. The decree provides examples of situations where transactions cannot be consolidated, e.g., transactions involving the purchase of materials and the sale of products manufactured from the purchased materials.

Bloomberg Tax

In addition, from tax years beginning in 2023, more detailed information must be disclosed in the local file, including a description of how the financial data used in the analysis is linked to the taxpayer's accounting information system (e.g., the data in the annual report, ledger accounts, cost centers, and profit centers).

- Language: Hungarian, English, German, or French.
- Deadline for Preparation: Prepared by the deadline for filing the corporate income tax return (i.e., 5 months after the last day of the fiscal year). Submitted to the tax authorities upon request.
- Penalties: Penalties up to HUF 5 million may apply for non-compliance (increased from HUF 2 million). In the case of repeated violations, penalties up to HUF 10 million may apply (increased from HUF 4 million).

Transfer Pricing Disclosure

Taxpayers subject to the transfer pricing documentation rules must provide transaction-level details regarding their related party transactions in the annual corporate income tax return, for tax returns filed after December 31, 2022.

Certain transactions are exempt from this disclosure, including transactions not exceeding HUF 100 million on an arm's length basis [additional exemptions from full or partial disclosure are provided in the Ministry of Finance decree (issued December 28, 2022)].

In general, a full disclosure (prepared on a transaction-by-transaction or a consolidated transaction basis) includes the type of transaction; the most appropriate NACE code; the name, tax number and tax residency of the other related party(ies); the net value of the related party transaction per related party; the amount of any corporate tax base adjustment per related party; the transfer pricing method applied; the profitability indicator (or other relevant indicator); the accounting standard used by the tested party; the arm's length price or range determined by the analysis; and the actual consideration (including adjustments).

Penalties up to HUF 5 million may apply for non-compliance. In the case of repeated violations, penalties up to HUF 10 million may apply.

For more detailed guidance, please see [Portfolio 7155-1st: Business Operations in Hungary, XIV. Intercompany Pricing, C. Documentation Requirements](#).