

Taxation of international executives: Hungary



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01

Overview and Introduction

1 Overview and Introduction

Residents are taxed on worldwide income. Non-residents are taxed on Hungarian-source income only. The highest income tax rate is 15 percent.

The official currency of Hungary is the Hungarian Forint (HUF).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

02

Income tax

2 Income Tax

2.1 Tax returns and compliance

When are tax returns due? That is, what is the tax return due date?

20 May with an extension to 20 November in specific cases.

What is the tax year-end?

31 December.

What are the compliance requirements for tax returns in Hungary?

Residents

In the case of employees of a Hungarian company, tax advances are deducted at source each month by the resident employer and paid over to the tax authorities by the 12th day of the following month. Quarterly income tax advances are payable by the individual on the 12th day following each quarter's end in respect of income received from a non-Hungarian company or where there was no tax withholding at a Hungarian company (employer or other payer).

Personal income tax returns should be filed with the local tax authority by 20 May following the end of the tax year. Filing extensions are allowed until 20 November. The tax is payable by 20 May following the end of the tax year. Various penalties and interest charges are levied in respect of non-compliance. Every individual should file a separate tax return, there is no possibility to file joint tax returns.

Non-residents

In case of non-residents, their income may be taxable if it is a Hungarian-sourced income (paid out locally or the income is taxable in Hungary due to local or tax treaty rules). In case of employment income taxable in Hungary of a non-resident, the income is taxable in Hungary only in proportion to the Hungarian working days.

If the Hungarian company is the payer, the company is obliged to withhold the tax advances. In other cases, it is the obligation of the individual.

Similarly, to residents, the income must be declared in the annual tax return.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in Hungary?

Residents and non-residents

Hungary has a flat tax rate, which is 15 percent.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Hungary?

According to the Hungarian Personal Income Tax Act, an individual is tax resident in Hungary if any of following criteria are met.

- They are a Hungarian citizen or in case of dual (Hungarian and other) citizenship, they have a registered address in Hungary.

- They exercise their right to free movement for at least 183 days in Hungary in the calendar year (in case of EEA Member State citizens).
- They are a third-country/jurisdiction citizen having a settled status under Hungarian law or stateless.
- They have a permanent home solely in Hungary.
- Their center of vital interests is in Hungary.
- They have a habitual abode in Hungary (they spend more than 183 days in Hungary in a calendar year).

A Hungarian citizen automatically qualifies as a Hungarian income tax resident based on solely their Hungarian citizenship (reference is made to the first bullet point above).

Is there, a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No.

What if the assignee enters the country/jurisdiction before their assignment begins?

In terms of residency, it is the physical presence of the individual that counts. It is the actual income-earning activity that results in the taxability of income.

2.4 Termination of residence

Are there any tax compliance requirements when leaving Hungary?

On leaving Hungary, a final tax return/final tax clearance request can be filed. In such a case, the tax authority will assess the final tax liability for the individual. We do not recommend filing such return, but rather filing the annual personal income tax return.

Additionally, the last working day in Hungary and the date of leaving Hungary should be reported to the Hungarian Tax Authority on a specific form 30 days before the end of work/leaving Hungary.

What if the assignee comes back for a trip after residency has terminated?

Taxability is connected to income-earning activity. The tax treaty reliefs should be assessed on a case-by-case basis.

Communication between immigration and taxation authorities

Do the immigration authorities in Hungary provide information to the local taxation authorities regarding when a person enters or leaves Hungary?

The tax authority receives information on the Hungarian address. They also provide information with regard to EEA citizens to check social coverage.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

Yes, if they qualify as a resident for the tax year or received Hungarian sourced income. Trailing liabilities should be monitored.

2.5 Economic employer approach

Do the taxation authorities in Hungary adopt the economic employer approach¹ to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no,

are the taxation authorities in Hungary considering the adoption of this interpretation of economic employer in the future?

Yes, for assignments starting after 1 November 2012.

De minimus Number of Days2

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

No.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

In general, taxable compensation includes remuneration received in-cash or in-kind. Taxable income includes, but is not limited to the following:

- salaries
- bonuses
- cost-of-living allowances
- housing allowances or the value of accommodation provided
- home leave
- pension/life insurance contributions
- provision of a company car (a flat tax charge is payable by provider of the car)
- stock options
- etc.

Intra-group statutory directors

Will a non-resident of Hungary who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in Hungary trigger a personal tax liability in Hungary, even though no separate director's fee/remuneration is paid for their duties as a board member?

Without Hungarian physical presence and Hungarian source income there will be no taxation.

Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Hungary?

No.

Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Hungary (i.e., as a general management fee where the duties rendered as a board member is included)?

No.

In the case that a tax liability is triggered, how will the taxable income be determined?

By workday proration.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in Hungary? If so, please provide a general definition of these areas.

Certain incomes are considered as tax free income in Hungary. Tax free income includes, but is not limited to the following:

- Employer provided housing in case of assignments
- Culture vouchers
- etc.

The criteria of the listed compensation items' tax-free manner are various and are required to be examined on case-by-case.

Certain fringe benefits

Certain fringe benefits, and such values, where the income tax is payable by the payer. There are various groups of fringe benefits with various rate of taxes.

2.8 Expatriate concessions

Are there any concessions made for expatriates in Hungary?

There are no concessions available for expatriates.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Hungary? If so, how?

It is not possible to exclude non-local employment income of resident employees from taxation. Resident individuals are obliged to declare their worldwide income regardless of whether their income qualifies as taxable income in Hungary. Non-resident employees should allocate income between taxable local sources and non-taxable foreign sources. According to the general rule, the foreign income that is taxed abroad must be taken into consideration during the calculation of the tax base, but it may be exempted from Hungarian taxation.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in Hungary? If so, how?

Foreign and Hungarian-source investment incomes are subject to income tax for tax residents at the flat-tax rate of 15 percent. Capital losses under certain circumstances can be counted against the capital gains expenses associated with securities are deductible in the case of capital gains. 13 percent social tax is also payable on certain capital gains as long as certain incomes earned through the tax year do not reach 24 times of the Hungarian minimum wage.

Capital gains on the sale of movable property are taxed at 15 percent. The first 30,000 Hungarian forint (HUF) should not be paid from the tax liability.

Capital gains on the sale of immovable property are taxed generally at 15 percent. The tax base should be reduced by a percent in every year counting from the year of the acquisition. Real estate should be held for 5 years to be exempt from tax.

Dividends, interest, and rental income

Dividends and interests are taxed at 15 percent. 13 percent social tax is also payable on certain dividends as long as certain incomes earned through the tax year do not reach 24 times of the Hungarian minimum wage.

Rental income is taxed as income from independent activity. Certain costs can be deducted from the revenue.

Gains from stock option exercises

Residency status	Taxable at:		
	Grant	Vest	Exercise
Resident	N	N	Y
Non-resident	N	N	Y
Other (if applicable)	N/A	N/A	N/A

Foreign exchange gains and losses

Not taxable separately if it is relating to transactions.

Principal residence gains and losses

Not applicable. (Please see the capital gain section on residential properties.)

Capital losses

In the case of income realized in a controlled capital market transaction, the capital loss of the previous 2 years can be carried forward under certain circumstances.

Personal use items

Not applicable.

Gifts

Gift tax is levied on individuals if they acquire movable/immovable property or valuable rights by gift. Tax rates depend on the nature of relationship between the parties and also can vary between 0 and 18 percent.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in Hungary? If so, please discuss?

Yes. The individual is obliged to pay a so-called social tax at a rate of 13 percent on certain capital gains as long as certain incomes earned through the tax year do not reach 24 times of the Hungarian minimum wage.

Are there capital gains tax exceptions in Hungary? If so, please discuss?

Individuals have the right to open a so-called permanent investment account ("Tartós Befektetési Számla") in Hungary. Income deriving from a permanent investment account may be tax exempted under certain circumstances.

Pre-CGT assets

Not applicable.

Deemed disposal and acquisition

Not applicable.

2.12 General deductions from income

What are the general deductions from income allowed in Hungary?

Disabled person's allowance remains in force. In addition, the long-term investments are supported by a tax allowance such as payments to voluntary mutual pension funds and investments on pension accounts.

Family tax base allowance is applicable. In the case of 1 child HUF66,670/child/month can be deducted from the tax base. In the case of 2 children HUF133,330/child/month, in the case of 3 or more children HUF220,000/child/month can be deducted from the tax base. The allowance is also applicable for foreign individuals if certain conditions are met. Mothers having 4 or more children are not obliged to pay personal income tax on certain income types including employment income.

Tax base allowance is applicable for newly married individuals as well. HUF33,335/married couples can be deducted from the tax base for a maximum period of 24 months. It is only applicable if it is the first marriage of (at least) one of the married couples concerned.

Young adults under the age of 25 years and mothers under the age of 30 receive tax exemption for monthly salary up until HUF 576,601 income per month. The upper value is taxable as normal.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in Hungary?

In Hungary employers are obliged to withhold actual taxes in a monthly basis. Therefore, the balance at year-end should be zero.

However, in the case of any over-withholding, the employer has to self-revise the monthly tax return(s) concerned and claim back the amount overpaid.

If the over/under-withholding is caused by the non-compliant declaration of the employee to the employer, the employee is obliged to settle the over/underpayment in their annual tax return.

2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in Hungary? For example, pay-as-you-earn (PAYE), pay-as-you-go (PAYG), and so on.

PAYE method.

Pay-as-you-go (PAYG) withholding

Not applicable.

PAYG installments

Not applicable

When are estimates/prepayments/withholding of tax due in Hungary? For example: monthly, annually, both, and so on.

If the employer is the payer, tax advance payments are made monthly by the 12th day of the following month.

In lack of a payer, the individual is obliged to pay tax advances quarterly by the 12th day of the month following the quarter.

Relief for foreign taxes

Is there any Relief for Foreign Taxes in Hungary? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

Where a double tax treaty exists between Hungary and another country/jurisdiction, and if the treaty permits it, Hungary can aggregate foreign-source income for tax purposes, according to domestic law. Exemption with progression applies which means that exempted income is still taken into account when determining the effective Hungarian tax rate on other income.

Due to the flat rate tax regime, exemption with progression is no longer applicable. Foreign taxed income is exempted and not taken into consideration at the tax calculation for non- Hungarian resident individuals.

Where there is no double tax treaty between Hungary and the concerned foreign country/jurisdiction, the tax can be credited against Hungarian tax liability is 90 percent of the tax paid abroad but may not exceed the tax calculated with the Hungarian tax rate.

2.15 General tax credits

What are the general tax credits that may be claimed in Hungary?

Please list below.

There are no general tax credits available.

2.16 Sample tax calculation

This calculation assumes a married taxpayer resident in Hungary with two children whose 3- year assignment begins 1 January 2021 and ends 31 December 2023. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years.

	2021 USD	2022 USD	2023 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = HUF300.00.

Other assumptions

- All employment income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year.
- Based on US-HUN double tax treaty, interest income deriving from the territory of US is not taxable in Hungary. However, as it is a special case, in order to represent general cases, the sample calculation considers this income as income taxable in Hungary. Furthermore, no US tax was paid on the interest income.
- The company car is used for business and private purposes and originally cost USD50,000. The employee is deemed a Hungarian resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of taxable income

	2021 USD	2022 USD	2023 USD
Days in Hungary during year	365	365	365
Earned income subject to income tax			
Salary	30,000,000	30,000,000	30,000,000
Bonus	6,000,000	6,000,000	6,000,000
Cost-of-living allowance	3,000,000	3,000,000	3,000,000
Net housing allowance	3,600,000	3,600,000	3,600,000
Company car	0	0	0
Moving expense reimbursement	6,000,000	0	6,000,000
Home leave	0	1,500,000	0
Education allowance	900,000	900,000	900,000
Total earned income	49,500,000	45,000,000	49,500,000
Other income			
Total income	49,500,000	45,000,000	49,500,000
Deductions	3,199,920	3,199,920	3,199,920
Total tax base	46,300,080	41,800,080	46,300,080

Calculation of tax liability

	2021 USD	2022 USD	2023 USD
Taxable income as above	46,300,080	41,800,080	46,300,080
Hungarian tax thereon	6,945,012	6,270,012	6,945,012
Less:			
Domestic tax rebates (dependent spouse rebate)			
Foreign tax credits			
Tax on interest income (HUF1,800,000)	270,000	270,000	270,000

Total Hungarian tax	7,215,012	6,540,012	7,215,012
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¹Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or a calendar year of a 12-month period), the employee remains employed by the home country/jurisdiction employer but among others the employee's salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country/jurisdiction.

²For example, an employee can be physically present in the country/jurisdiction for up to 60 (not determined in the Hungarian legislation) days before the tax authorities will apply the 'economic employer' approach.

³Sample calculation generated by KPMG Tanácsadó Kft., the Hungarian member firm affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity, based on the Hungarian Act CXVII of 1995 on Personal Income Tax.²For example, an employee can be physically present in the country/jurisdiction for up to 60 (not determined in the Hungarian legislation) days before the tax authorities will apply the 'economic employer' approach.

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

No.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

No.

3.3 Taxable income

What income will be taxed during short-term assignments?

No special rules; general rules apply.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in Hungary?

An economic employer testing is recommended to be initiated in order to assess whether taxation arise. This is recommended in case of all short-term assignments.

Also, as short-term assignments needed to be registered with for labor inspection purposes, it is anticipated that the tax authority will have better insight in terms of short-term assignments, business trips.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes¹ in Hungary? If so, what are the rates for employers and employees?

Employer and employee

Type of insurance	Paid by employer	Paid by employee
Social security contributions	N/A%	18.5%
Social Tax	13%	N/A
Total	13%	18.5%

The CAP for the pension contribution was abolished as of 1 January 2013.

Individuals falling into the scope of the EU regulation and to bilateral social security totalization agreements or who are citizens of former socialist block countries/jurisdictions are subject to Hungarian social security but may apply for exemption in line with the applicable agreements.

Third-country/jurisdiction citizen expatriates are not subject to social security, if they are on assignment in Hungary, and their assignment does not exceed 2 years and none of the above agreements apply.

EEA country/jurisdiction and totalization agreement country/jurisdiction citizens who are assigned from a non-EEA or non-totalization agreement country/jurisdiction to Hungary can be exempt from Hungarian social security contributions if their assignment's duration is no longer than 2 years and they can prove that in the country/jurisdiction from which they are assigned they are subject to statutory social insurance.

The rates for 2022 are the following.

- Employer: 13 percent social tax.
- Employee: 18.5 percent social security contribution.

Certain income items (which are not subject to social security) are subject to a social tax (generally 13 percent). The social tax is payable either by the employer or the employee.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Hungary?

Inheritance and gift taxes

Inheritance and gift tax are levied on individuals who acquire property by inheritance or gift, at rates depending on the closeness of the relationship between the deceased and the recipient, as well as on the type of property acquired. Foreign citizens inheriting Hungarian property may also be subject to the taxation.

The rate ranges between 0 percent and 80 percent.

Wealth tax

Local governments may levy wealth taxes in the area of their jurisdiction. Building tax is payable by the owner of the building at a maximum rate of HUF1,100 per square meter or 3.6 percent of the adjusted market value of the building. Property tax is payable by the owner of the land parcel at a maximum rate of HUF200 per square meter or 3 percent of the adjusted market value of the land parcel.

4.3 Real estate tax

Are there real estate taxes in Hungary?

Luxury tax

N/A

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in Hungary?

Yes, there is VAT at a general rate of 27 percent, however circumstances of the sale should be considered.

4.5 Unemployment tax

Are there unemployment taxes in Hungary?

No.

4.6 Other taxes

Are there additional taxes in Hungary that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Local taxes

Certain local taxes are payable by the owner of a building or land parcel. The right of the taxation is in the hand of the local governments. The maximum rate of the local communal tax is HUF17,000 per year for each building/land parcel.¹

Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

Assets alone are not to be reported. Only the transactions or yields derived from them.

Footnotes

¹Act CXXII of 2019 on the Eligibility for Social Security Benefits and the Funding for These Services; Act LII of 2018 on Social Tax

²Hungarian Act LXXXIII of 1990 on Duties.

³Hungarian Act C of 1990 on Local Taxes.

05

Immigration

5 Immigration

Following is an overview of the concept of Hungary's immigration system for skilled labor.

(E.g., which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

This summary provides basic information regarding business visits to and work authorization for Hungary. The information is of a general nature and should not be relied upon as legal advice.

Generally, there is a significant difference in the immigration process for EEA nationals and third-country/jurisdiction nationals.

EEA nationals have the right of residence exceeding 90 days (within a 180-day period) if they plan to pursue gainful employment in Hungary and has sufficient resources for themselves and their family members not to become an unreasonable burden on the social assistance system of Hungary during the period of their stay. In this respect, the EEA nationals are not required to obtain Hungarian work and residence permit, however, they shall notify their residence to the regional directorate. (Employer reporting to be filed to the labor office could also be required.)

Third-country/jurisdiction nationals are required to obtain work and residence permit in Hungary in order to engage in working activities. The permits are differentiated based on the purpose of activity (e.g., employment, pursuit other gainful activity etc.). The required documentation depends on the type of permit, however, in order to apply for a permit, several documents are required from the individual's and the (future Hungarian) employer's side as well, as the Labor Office is usually involved in the process. (Filing manpower request with the Hungarian Labor Office could also be required – depending on the circumstances.)

We note that business visa (short-term visa) allows the individual to participate in Hungarian business trips (e.g., participating on business meetings), but it does not entitle for actual work performance. (Invitation letter from the Hungarian company could be required.) As a general rule, a non-European Union (EU) citizen is allowed to perform any actual work in Hungary if they have a valid Hungarian work permit.

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Hungary as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

Holders of passports issued by the following countries/jurisdictions, entities or territories are exempted from any visa requirement when travelling to Hungary on condition that their visit does not exceed the period of visa-free stay: <https://konzuliszolgalat.kormany.hu/visa-waiver-agreements>

Business visitors are allowed to attend at meetings, trainings and negotiations, supervise processes, and visit a company facility. However, they are not allowed to perform actual working activity for the benefit of any entities.

Business visitors are generally prohibited from engaging in productive employment activities that are an extension of professional activities.

The maximum length of visa-free stay depends on the country/jurisdiction issued the passport.

Describe (a) the regulatory framework for business travelers being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

Visa nationals shall obtain visa type "C" (short-term visa) that allows the individual to participate in Hungarian business trips, but it does not entitle for actual work performance (only e.g., business meetings and activities listed above are permitted).

The maximum length of stay in the Schengen area is 90 days within 6 months starting as of the date of the first entry.

The application for the visa must be filed at the Hungarian embassy/consulate in the respective country/jurisdiction of residence in order to be allowed to enter Hungary.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

Documents

- purpose of the visit (e.g., Letter of Invitation issued by the Hungarian company is necessary in case of business visa);
- completed application form;
- ID photo not older than 6 months; valid passport;
- proof of valid travel insurance for the duration of stay, valid for all Schengen member states with a minimum coverage of 30,000 Euros (EUR);
- proof of sufficient savings (e.g., bank account statements, wage certificate issued by the employer);
- proof of booked accommodation and travel fees

Process steps

- Collecting the necessary documents and prepare the application
- Book visa appointment at the Hungarian embassy/ consulate at the place of residence
- File visa application with the Hungarian embassy/ consulate at the place of residence
- Obtaining visa

Processing time

- The usual processing time is 15 days; however, the consulate may extend the processing time up to 30 or 60 days. In there is a visa facilitation agreement with the non-EU country/jurisdiction, the processing time is 10 days.)

Location of application

The Hungarian embassy/consulate in the respective country/jurisdiction of residence.

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

Visa exemption is applied to

- Flight crew and attendants on emergency or rescue flights and other helpers in the event of disaster or accident.
- Civilian flight crew and attendants.

- Sea crew
- The civilian crew of ships navigating in international inland waters

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to Hungary?

In this context, please outline whether a local employment contract is required for the specific permit type.

- 1 ICT (Hungarian local employment contract not required)

The ICT (Intra-Corporate Transfer) is a temporary residence permit for executive employees, specialists or trainees, provided that they third-country/jurisdiction home employer and the Hungarian host entity belong to the same company or group of companies.

The minimum period of validity of the residence permit for the purpose of intra-corporate transfer shall be at least 1 year or the duration of the transfer. Of the two periods the shorter one shall be considered as the period of validity of the residence permit.

The maximum period of validity shall be 3 years for executive employees and specialists and 1 year for trainee employees.

Requirements:

- the host entity and the company established in a third-country/jurisdiction belong to the same company or group of companies;
- employment at the host subsidiary in Hungary as a manager, specialist or trainee;
- evidence of employment within the same company or group of companies, at least 3 uninterrupted months immediately preceding the date of the intra-corporate transfer;
- evidence that the duration of intra-corporate transfer is the longest in Hungary relative to the stay in other Member States of the EU;
- Proof of professional qualifications, a valid employment contract and, if necessary, an assignment letter;
- full healthcare insurance or applied for coverage for healthcare services with respect to all periods when their employment relationship carries no insurance
- sufficient resources for themselves and their family members not to become a burden on the social assistance system of Hungary during their period of residence.

A pre-approval for the work authorization by the Labor office needs to be obtained. 2 Permit for long-term mobility (employment contract for Germany not required)

Third-country/jurisdiction nationals who are already in possession of a residence title under the ICT Directive for an EU Member State may stay in Hungary for up to 90 days without the need to obtain a Hungarian residence permit. For any stay which lasts more than 90 days, a residence permit needs to be obtained, a Mobile ICT permit.

Requirements

- the host entity in Hungary and the entity established in a third-country/jurisdiction belong to the same company or group of companies.
- verified purpose of the entry and stay

- full healthcare insurance or applied for coverage for healthcare services with respect to all periods when their employment relationship carries no insurance
- sufficient resources for themselves and their family members not to become a burden on the social assistance system of Hungary during their period of residence.

A pre-approval for the work authorization by the Labor Office needs to be obtained.

Provide a general process overview to obtain a work and residence permit for long- term assignments (including processing times and maximum validation of the permit).

- Collect documents and prepare the application package
- File a manpower request by the Hungarian company with the Labor Office (if there is no exemption applicable)
- Book an appointment for the application at the Hungarian embassy/ consulate at the place of residence.
- File the permit application with the Hungarian embassy/ consulate at the place of residence.
- Once the permit is approved, a D-type visa will be issued to allow the applicant to enter Hungary and take over the permit.
- Book appointment with Immigration authorities to take over the permit.
- Attend appointment, receive the permit and provide biometric data.

The authority has generally 60 or 70 days to make a decision, depending on the type of the permit.

Depending on the permit type, the maximum validation varies from 1 – 3 years with the possibility of renewing the permit.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

There is no official guideline issued by the Hungarian authorities regarding the minimum salary requirements for applicants. However, the applicant shall provide proof of having sufficient financial resources.

Allowances can be taken into account, if they are paid as a lump sum and for free disposal of the assignees.

Is there a fast-track process which could expedite the visa/ work permit?

Yes, a request for expedited procedure may be filed with the Immigration Office, however, the request may be refused by the Immigration Office.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

The employee is permitted to start working once the work permit is issued.

Can a short-term permit/ business visa be transferred to a long-term permit in Hungary?

Depending on the circumstances, a short-term permit or business visa can be transferred to a long- term permit. However, it is possible that the Immigration Office will require explanation, especially in case the previous permit is not expired yet.

Is it possible to renew work and residence permits?

Yes, renewal is possible. However, the validity of the travel document should be taken into consideration, for, on general principle, the authorized duration of residence is to be determined so that the validity

period of the third-country/jurisdiction national's travel document has at least 3 months remaining at the time the authorized duration of residence expires.

Is there a quota or system or a labor market test in place?

Hungary has a quota system.

In case of merged procedures, a labor market test takes place to check out whether a Hungarian or EU national is available for the position. The labor market test is a discretionary decision of the responsible labor authorities, who will decide if one will be required.

5.3 General Immigration Related Questions

Would it be possible to bring family members to Hungary?

Dependents are allowed to join the main applicant; however, they are required to obtain residence permit for the purpose of family reunification.

Family member:

- spouse of a Hungarian national or a third-country/jurisdiction national;
- the minor child (including adopted and foster children) of a third-country/jurisdiction national with their spouse;
- the minor child, including adopted and foster children, of a third-country/jurisdiction national where this third-country/jurisdiction national has parental custody and the children are dependent on them;
- the minor child, including adopted and foster children, of the spouse of a third- country/jurisdiction national where the spouse has parental custody, and the children are dependent on them.
- a person having and exercising parental custody of a minor child and living in the same household with the minor

Is it possible to obtain a permanent residence permit?

National permanent residence permit may be issued to a third-country/jurisdiction national:

- who has a place of abode in the territory of Hungary and whose subsistence is ensured;
- who has comprehensive healthcare insurance or sufficient financial resources for healthcare services;
- who has a residence permit or an interim permanent residence permit; and whose residence is in accordance with the interest of Hungary; and
- who lawfully resided in the territory of Hungary continuously for at least the preceding 3 years before the application was submitted;

The national permanent residence permit affords the right of residence in the territory of Hungary for an indefinite period of time. The validity period of the document is 5 years, which may be extended upon the third-country/jurisdiction national's request.

What if circumstances change after the Work and Residence application process?

Changes in employment or personal situation, including job title, job role may require that a new permit needs to be secured. The change of address does not require new permit; however, the Immigration Office shall be notified, and a new address sheet should be filed with the Immigration Office.

How long can a permit holder leave Hungary without their permit becoming invalid?

The residence permit holder cannot leave Hungary for more than 90 days in a period of 180 days. In case they spend more than 90 days outside of Hungary their permit becomes invalid. The permanent residence

permit holder cannot leave Hungary for more than 6 months in a period of 12 months. In case they spend more than 6 months outside of Hungary their permit becomes invalid.

Must immigration permissions be cancelled by the end of the assignment/employment?

In case of a termination of the employment before the end of the validity of the permit, the immigration authorities should be informed. The residence permits shall be returned to the Immigration Office after leaving Hungary.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

Yes. Penalties could be deportation of the employees, restriction on re-entering Hungary or monetary fines. Monetary fines can be applied to companies for non-compliance.

5.4 Other Important Items

List any other important items to note, or common obstacles faced, in Hungary when it comes to the immigration processes.

- The original documents shall be shown during the application.
- The salary of the applicant shall conform Hungarian minimum wage standards.
- Degrees and other official documents which are not available in Hungarian shall be translated (and notarized) by the Hungarian Office for Translation.
- Rental agreement –a copy of the rental agreement is required.
- Consent form – The lessor needs to issue a consent form indicating that they allow that the lessee indicates the property as their permanent residence in Hungary.
- Address sheet – should be signed by the landlord/owner of the property, etc.
- The documentation provided by the applicant shall conform the requested validity period of the permit, e.g. it is recommended that the duration of the assignment or the period of the lease contract matches with the requested validity of the permit.
- Prior criminal records – these can often result in a refusal of a residence permit.

The Immigration Office can request any documents apart from the mandatory enclosures, for ascertaining the relevant facts of the case, and may take further procedural steps as well.

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