

BBJ **3** Special Report TAXES

A sampling of changes in the tax code ▶ 18

Tax software, helps, but it can't do it all ▶ 19

Tax experts tell us what to expect, and how they can help

We asked Hungary's top-ten earning tax consultants and accounting firms about the new tax laws, and how they can help you deal with them. These are the answers we received. For a full list of firms, ranked by revenue, see pages 16-17 and 20-21.

BBJ STAFF

BDO Hungary



Zsófia Siegler, Partner

What are some of the more important changes in the tax situation for businesses in 2015?

While the tax system has been transformed in previous years, no general changes can be observed in the majority of taxes. There is only one flat rate for personal income tax, whereas the two rates for corporate income tax are stable. In recent years, taxation has basically shifted towards value added taxes. At the same time, sectoral and extra taxes represent a burden for companies, and the huge number of different kind of taxes also makes business more complicated.

Given all the changes in the tax code, do you expect your corporate clients to pay more or less in total taxes (including VAT) during 2015?

The amount of state entries received from taxes in proportion to the previous year's revenue depends primarily on economic trends, and not on the modifications entered into force on January 1. Factors such as a low inflation rate, inbound and outbound demand, and variations in exchange rates all have an effect on how tax revenues change. However, I could single out one new option provided by the 2015 tax changes. A new type of tax credit is accessible in connection with corporate tax: The taxpayer is entitled to

a tax credit if they dedicate part of their payable tax to sport or cultural purposes (a maximum of 7.5% tax credit can be realized).

How can a service like yours help clients deal with the changes in the tax structure?

It is of utmost importance for us to work together and on behalf of our clients in tax issues. We navigate and advise our clients through every tax question and/or represent them in front of the tax authority. Thanks to our international BDO network, we are able to provide our services to a local company or an entire company group.

Why should customers choose your service over others?

As the leader in mid-market audit and tax advisory firms, we are able to provide the same services and quality as the top firms in the industry, while offering more flexible pricing, due to our structure and versatility. Our 25 years of experience in the Hungarian market, coupled with our distinguished consultant team and superior client engagement, all guarantee the highest level of service excellence.

BPO Audit Tax



László Killik, Partner

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Based on the recent changes, 2015



is going to be the year of financial administration. Companies must prepare for increased administrative tasks. This is especially true for companies with commercial activities.

Given all the changes in the tax code, do you expect your corporate clients to pay more or less in total taxes (including VAT) during 2015?

In fact, it depends on the industry whether the company has to pay more or less. I'm pretty sure that the new tax administration tasks and their analysis will entail costs for most companies. If a company would like to determine whether a tax or administrative cost applies to them or not, they must invest in their employees' time - and maybe in some advisory services.

How can a service like yours help clients deal with the changes in the tax structure?

The new increase in administration demands means companies need flexible and quick answers. No successful company can go forward without a reliable and carefully prepared advisory background. Our clients can benefit from our business experience, which allows us to answer most of their questions within a very short period of time, something that is essential for prudent and safe operation.

Why should customers choose your service over others?

There are many high-quality service provider and advisory firms in Hungary. Every firm has a different corporate and service culture. If I had to highlight one of our strengths, I would say we are top level in customer care. We know that excellence in quality is essential for our clients. The comfort provided by our services keeps our clients satisfied. If you place your trust in us, you will feel the difference.

Colling Accounting & Consulting



What are some of the more important changes in the tax situation for businesses in 2015?

One of the most important changes within the system of corporate taxation is the extension of the affiliation relationship, according to which the concept of affiliated enterprises also includes situations when decisive influence is realized regarding the business and financial policy of the economic enterprises through same-person management of the associated parties.

A noteworthy change in the domestic summary report, is that the itemized VAT data-submission limit is reduced to HUF 1 million (from HUF 2 mln). From now on taxpayers can also submit data of transactions that have VAT amounts that are lower than this limit - which means taxpayers can practically send their entire VAT analytics to the tax office.

The most important change in the law on the rules of taxation is the introduction of the so-called EKAER-system, and its supervision by the tax department. The point of the system is that any transport of goods via public roads made with a vehicle that is subject to toll requires possession of a NAV-issued control number. Those involved in transporting goods have to provide data to NAV both before the start of deliveries (loading) and also at the completion of deliveries (unloading).

Given all the changes in the tax code, do you expect your corporate clients to pay more or less in total taxes (including VAT) during 2015?

The amount of tax payable can depend on many criteria. A higher tax liability can be an indication of the growth of the business, which is a positive thing - most of our clients fall into this category. Given the existing tax laws, the most important thing is to comply with the current regulations, since the more strict tax authority controls and increasing penalty limits can cause extra obligations. The introduction of the EKAER system also means extra administrative costs for companies dealing with transportation - the additional workload requires one extra full-time employee.

How can a service like yours help clients deal with the changes in the tax structure?

The 2015 tax changes increased the necessity for a more professional finance and accounting support staff. By monitoring our client's processes, we can show them where and how they can operate more tax-effectively, and where there are dark zones on their tax-map. Some of our partners wish to see incomes and costs separated by activities. We also make it possible to view accounts via remote desktop access, so that clients can freely and directly check reports, in foreign languages too.

Why should customers choose your service over others

Our clients are professionally serviced in a friendly, supportive environment. The speedy, updated, authentic information, processed in line with high standards but also in an "understandable language" gives our partners an advantage over the competition. Because at Colling, everyone counts.

Process Solutions



András Szalai, Managing Director, Partner

What are some of the more important changes in the tax situation for businesses in 2015?

We are of the view that overall there have been no fundamental changes for this year apart from measures introduced to target specific sectors, but the average business will only have to face the usual minor (though mostly unfavorable) changes.

To name one single measure that made a real impact we would pick one that is not closely connected to taxation: the introduction of the EKAER system (vehicle tracking for trucks) stole the show for 2015. Of course, much of the commotion has been due to the short notice on which the system has been implemented, but this is also something the industry seems to be getting used to. Clearly this change has been the one where our clients have required our assistance the most in interpreting the regulations.

Given all the changes in the tax code, do you expect your corporate clients to pay more or less in total taxes (including VAT) during 2015?

Clients coming from specific sectors will likely pay more taxes from this year. Actually in the absence of significant tax increasing measures, it is not necessarily the clients, but rather we, the service provider, who will feel the crunch in the first place. With the system becoming more fuzzy, and the overall administrative burden reaching new heights every year, we have to devote more and more of our resources to be able to deliver the same level of service quality and ensure compliance for our clients.

How can a service like yours help clients deal with the changes in the tax structure?

We warn our clients up-front about what is coming and help them address challenges in due course, so that they will not be caught off guard, like their competitors, when they have to adopt changes.

Why should customers choose your service over others?

We are flexible and can adapt our service offerings, within accounting, tax and payroll, to any new requirements (e.g. assistance with EKAER) from our clients that are triggered by the increased administrative burden and the rapidly changing legislation.

TMF Group



Ákos Nagy, Business Development

What are some of the more important changes in the tax situation for businesses in 2015?

The change with the most immediate impact on our clients' tax compliance would be the introduction of the new Electronic Road Transportation Control System (EKAER), which will be run on a trial period until March 1. Other important changes include updates on the taxation of flexible benefits (such as food vouchers), the change in the definition of place-of-supply of services provided remotely, an updated definition for associated companies, extended VAT reporting requirements and the limits on the utilization of losses carried forward. These are the changes that affect most Hungarian businesses, while retail, tobacco and other sectors also face special taxes.

Given all the changes in the tax code, do you expect your corporate clients to pay more or less in total taxes (including VAT) during 2015?

As for the general changes, we do not expect that the amount of