

## **Information on the Immigration Surtax**

The *Act XLI of 2018 on Amending Certain Tax Laws and Other Related Laws as well as on Immigration Surtax* (hereinafter referred to as IS Act) was published in the 117<sup>th</sup> edition of the Hungarian Official Gazette (Magyar Közlöny) on 25<sup>th</sup> July 2018, the regulations of which concerning the immigration surtax are effective as of 25<sup>th</sup> August 2018.

### **1. Object of the immigration surtax**

Immigration surtax shall be paid on

- *financial support of the Hungarian performance of the activity assisting the immigration* or
- *financial support of the operation of the organisation which performs activity assisting the immigration and having a seat in Hungary.*

All program, action, activity, which directly or indirectly aims at promoting the immigration and takes place in the framework of

- media campaigns, continuation of media seminars, and the participation in it;
- education arrangement;
- networking and operation of a network or
- propaganda activity which shows the immigration in a positive light

is considered to be an activity assisting the immigration.

According to the IS Act, resettlement of people from their resident country - intended to be definitive - to another country is regarded as immigration.

When implementing the IS Act, cases described in *Act I of 2007 on the Admission and Residence of Persons with the Right of Free Movement and Residence* are not regarded as immigration.

According to Paragraph (1) of Section 1 of Act I of 2007, Hungary shall ensure the right of free movement and residence

- with the exception of Hungarian citizens, to nationals of any Member State of the European Union and States who are parties to the Agreement on the European Economic Area, and to persons enjoying the same treatment as nationals of States who are parties to the Agreement on the European Economic Area by virtue of an agreement between the European Community and its Member States and a State that is not a party to the Agreement on the European Economic Area with respect to the right of free movement and residence (hereinafter referred to as "EEA nationals")
- to the family member of an EEA national who does not have Hungarian citizenship, accompanying or joining the EEA national (hereinafter referred to as "family members of EEA nationals")

- to the family member of a Hungarian citizen who does not have Hungarian citizenship, accompanying or joining the Hungarian citizen (hereinafter referred to as "family members of Hungarian citizens")
- to any persons accompanying or joining an EEA national or a Hungarian citizen, who:
  - are dependants or members of the household of a Hungarian citizen for a period of at least one year, or who require the personal care of a Hungarian citizen due to serious health grounds,
  - had been dependants or members of the household of an EEA national in the country from which they are arriving, or who require the personal care of an EEA national due to serious health reasons,
 and whose entry and residence has been authorized by the authority on grounds of family reunification.

## 2. Subject of the immigration surtax

The subject of the immigration surtax is the *organisation which performs the financial support of the activity assisting the immigration, or the operation of an organisation carrying out an activity assisting the immigration and having a seat in Hungary.*

The party, the party foundation, furthermore the organisation the exemption of which is provided by an international agreement or reciprocity is not considered as subject of the immigration surtax. As to whether reciprocity applies, shall be determined relying on the directive of the minister in charge of taxation issued in agreement with the minister in charge of foreign policies.

The **subject of the immigration surtax** is obliged to **submit a declaration** to the organisation carrying out an activity assisting the immigration and having a seat in Hungary until the 15<sup>th</sup> day of the month following the month when the financial support was provided about the fact that the immigration surtax was fully declared. The organisation carrying out an activity assisting the immigration and having a seat in Hungary shall submit this declaration until the 15<sup>th</sup> day of the month following the month when the declaration was received and at the same time the name, mailing address and other known identification data of the support provider as well as the amount of the support have to be communicated. The state tax authority issued the form "BEVKA" for the declaration, the usage of which is recommended for taxpayers.

If the state tax authority determines that the declaration is false, then it obliges in a resolution the taxable person providing the support to pay the undeclared tax and the tax surcharge which is 50% of it.

**If organisation carrying out an activity assisting the immigration and having a seat in Hungary does not have the declaration until the 15<sup>th</sup> day of the month following the month when the support was used, then the subject of the immigration surtax**

– **instead of the initially liable one** – will be the organisation carrying out an activity assisting the immigration and having a seat in Hungary.

### **3. The base and rate of the immigration surtax**

The base of the immigration surtax shall be the *amount of the financial support* provided for the activity assisting the immigration, or the operation of an organisation carrying out an activity assisting the immigration and having a seat in Hungary.

If the subject of the immigration surtax is the organisation itself carrying out an activity assisting the immigration and having a seat in Hungary, then the base of the immigration surtax shall be the *cost incurred during the activity assisting immigration*.

The rate of the immigration surtax shall be **25% of the base** of the immigration surtax.

### **4. Rules concerning the assessment of the immigration surtax**

The subject of the immigration surtax is obliged to assess – on a monthly basis – declare and pay the immigration surtax at the latest *until the 15<sup>th</sup> day of the month following the month in which the provision of the support took place*.

If the subject of the immigration surtax is the organisation carrying out an activity assisting the immigration and having a seat in Hungary, then it is obliged to assess – on a monthly basis – declare and pay the immigration surtax at the latest *until the 15<sup>th</sup> day of the month following the month in which the financial support was used*.

The immigration surtax shall be declared by using the form No. 1897 and transferred to the revenue account 10032000-01079139 (tax code 416).

It is the state tax and customs authority which performs the tax administration duties related to the immigration surtax.

Revenues collected through the immigration surtax belongs to the central budget and serves exclusively for covering tasks related to border protection.

**National Tax and Customs Administration**