

**Rules of Duty pertaining to the acquisition
of motor vehicles and trailers
2020**

In this booklet, you can read about the following topics:

- 1. Amount of duty on acquisition of motor vehicles**
- 2. Exemptions from duties**
- 3. Lessees' obligation to pay duty**
- 4. Payment of duty for the acquisition of a motor vehicle**

The inheritance, receipt of a gift and acquisition for consideration of motor vehicles and trailers **triggers the obligation to pay duty**. For the purposes of the Duties Act¹, **a motor vehicle shall mean** any means of road transport and tractors which are powered by built-in engines, and the registration of which is prescribed by law. (Agricultural tractors, self-propelled or towed heavy construction machinery, slow vehicles or mopeds cannot be considered a motor vehicle pursuant to the law).²

Trailer is any vehicle, designed to be towed by a motor vehicle described above. The definition includes freight and canopied trailers, semi-trailers and caravans, which are required by law to be registered by the authorities in order for such to participate in traffic.³

The provisions of the Duties Act need to be applied to the granting as gifts and transfer for consideration of the ownership rights of motor vehicles and trailers, and rights pertaining thereunto (usufruct, use and operator's right) **only if the motor vehicle or trailer was or is registered in Hungary**, unless otherwise provided for by an international agreement.

The provisions of the Duties Act must be applied to all motor vehicles and trailers forming part of the inherited estate located in Hungary, without exception. The provisions of the Duties Act shall apply to movable estate inherited by a Hungarian citizen or a non-Hungarian citizen residing in Hungary or a legal entity established in Hungary, where the estate is situated abroad, as well as to rights as an object of property which are part of a foreign estate, if no inheritance duty or tax corresponding thereto is payable in the state in which such estate is situated. The burden of proof to prove that the duty or tax was in fact paid abroad lies with the heir.⁴

Duty on the Transfer for Consideration of a Motor Vehicle and a Trailer⁵

In respect of the acquisition of title to a motor vehicle, **the rate of duty shall be determined based on the capacity of the motor vehicle's engine, shown in the relevant official records in kilowatts, and on the motor vehicle's age from the year of manufacture**, as per the following:

¹ Act XCIII of 1990 on Duties (henceforward: Duties Act).

² Point i) of Paragraph of (1) of Section 102 of the Duties Act.

³ Point j) of Paragraph (1) of Section 102 of the Duties Act.

⁴ Paragraph (1) of Section 2 of the Duties Act.

⁵ Paragraph (1) of Section 24 of the Duties Act.

Engine capacity (kW)	Motor vehicle's age from the date of manufacture		
	0-3 years	4-8 years	8 years and up
0-40	HUF 550 / kW	HUF 450 / kW	HUF 300 / kW
41-80	HUF 650 / kW	HUF 550 / kW	HUF 450 / kW
81-120	HUF 750 / kW	HUF 650 / kW	HUF 550 / kW
120 and above	HUF 850 / kW	HUF 750 / kW	HUF 650 / kW

Where a motor vehicle's capacity is indicated in the official register in horsepower only, the capacity rated in horsepower shall be divided by 1.36 and the result shall be rounded according to the standard rounding rules. Where a motor vehicle's capacity is not indicated in the official register, the tax authority shall contact the competent transportation authority and shall transmit the vehicle's particulars requesting information on the vehicle's capacity. In this case this data shall be recognized upon the acquisition of title to the motor vehicle as the basis for dutiable purposes.

Example: The duty payable for the acquisition of a new (0 year old), 2000 cm³, 100 kW capacity passenger car is HUF 75,000 (100×750).

In respect of the acquisition of title to a trailer, if the permissible maximum gross weight of the trailer is less than 2,500 kg, the duty payable shall be 9,000 forints; in all other cases, the duty shall be 22,000 forints.⁶

If a specific percentage of the ownership right or other rights associated with a motor vehicle or a trailer, such as the right of beneficial ownership, use and operating rights, the duty is payable on a pro rata basis for the acquired share.

Example: a couple purchases the ownership right to 5-year-old, 1300 cm³, 50 kW capacity passenger car in 50-50% without acquiring any right. HUF 27,500 duty is payable for the acquisition of the ownership right of the passenger car. As the husband and wife acquired the ownership right of the passenger car in 50-50%, the wife and the husband each are obliged to pay HUF 13,750 duty.

Acquisition of the Right of Beneficial Ownership, Use and Operating Rights of a Motor Vehicle or a Trailer⁷

In respect of the **acquisition of rights** in a motor vehicle or a trailer, **such as beneficial ownership, use or operating rights, 25 per cent of the duty on quid pro quo transfer of property for consideration shall be charged.**

Example: The amount of duty shall be HUF 27,500 for the acquisition of a 5-year-old, 1300 cm³, 50 kW capacity passenger car. If the buyer acquires only the operating rights to the passenger car, then the duty payable for the operating rights will be 25% of the HUF 27,500, i.e., HUF 6,875.

In the case if the acquisition of ownership title to a motor vehicle or trailer also involves the acquisition of rights, such as beneficial ownership, use or operating rights, or if ownership

⁶ Paragraph (2) of Section 24 of the Duties Act.

⁷ Paragraphs (3)-(5) of Section 24 of the Duties Act.

title to a motor vehicle or a trailer is transferred to a person holding beneficial ownership, use or operating rights, **the amount of duty payable by the buyer shall be calculated by deducting the amount of duty charged for the acquisition of beneficial ownership, use or operating rights from the amount of duty calculated for the acquisition of ownership.**

Example: *the wife acquires the ownership right to a 5-year-old, 1300 cm³, 50 kW capacity passenger car. Simultaneously with the purchase, they establish an operating right for the consideration for the husband.*

Since the transfer of property between marital partners is exempt from the duty on quid pro quo transfer of property⁸, and the amount of duty payable by the wife must be reduced by the amount of duty payable by the husband acquiring ownership rights, i.e., the wife is subject to duty HUF 20,625 totally, while the acquisition by the husband is exempt from duty.

Duty Exemptions Related to the Acquisition of Motor Vehicles for Consideration

The organisations listed in Article 5 (1) of the Duties Act shall be granted full exemption from duties in relation to the acquisition of motor vehicles:

The organisations described in Article 5 (1) *c*)-*g*) and *m*) of the Duties Act (including among others the budgetary agency, the association, the Public Body, the Ecclesiastical Legal Entity, the foundation, the water management association, the Nonprofit Business Association with Public-Benefit Status, the Nonprofit Business Association with Prominently Public-Benefit Status, social co-operative with Public-Benefit Status) shall be entitled to duty exemption only if they have no corporate tax payment liability incurred for income from entrepreneurial activities, or any liability for the payment of public dues equivalent to corporate tax in the case of non-resident organizations, pursued in the tax year preceding the time of acquisition of property or the time of the opening of the proceeding or, in respect of publicly financed bodies, have incurred no payment obligation towards the central budget for their profits. The organisation (foundation) shall provide a statement concerning the fulfilment of the conditions for duty exemption.

If the statement was filed within one hundred and fifty days following the last day of the fiscal year that preceded the acquisition, the organisation (foundation) shall declare in that statement that they do not anticipate to incur any tax liability. If the commitments contained in the statement are not realized, the organisation (foundation) shall have until the one hundred and eightieth day following the last day of the fiscal year that preceded the acquisition to notify the competent authority thereof and pay the duty subsequently without any tax penalty.⁹

The transaction is exempt from the duty on quid pro quo transfer of property if the transfer (e.g., sale and purchase) of a motor vehicle or trailer, subject to duty, takes place among next of kin, or marital partners or the acquisition is the result of the termination of the marital community property.¹⁰

Registered cohabitants are entitled to all those duty reliefs, exemptions from duties which are ensured by the Duties Act to the married persons.

⁸ Subpoint *zb*) of Paragraph (1) of Section 26 of the Duties Act.

⁹ Paragraphs (2)-(4) of Section 5 of the Duties Act.

¹⁰ Point *z*) of Paragraph (1) of Section 26 of the Duties Act.

The acquisition of the title to motor vehicles defined by the Act on Motor Vehicle Tax as **environmental-friendly¹¹, or the acquisition of rights in such vehicles is exempt from the duty on quid pro quo transfer of property.¹²**

The acquisition of the title, ownership right to

- a bus,
- semi-trailer,
- truck¹³ and trailer according to the Motor Vehicle Tax Act

by an economic operator¹⁴ is exempt from the duty on quid pro quo transfer of property.¹⁵

No duty shall be charged if the buyer, at the time of notification of the purchase, requests a “Z” temporary registration plate for the purpose of exportation. The duty is payable only if the person requests the issue of a certificate of registration for the permanent use of the motor vehicle in Hungary, or the vehicle is sold in Hungary.¹⁶

Exemption from the Duty on Quid Pro Quo Transfer of Property of Car Dealers¹⁷

Acquisition of the right of ownership in a motor vehicle or trailer by a company whose net sales revenue for the previous tax year originate from the sale of motor vehicles and trailers up to at least 50 per cent (authorised car dealer), or by an entrepreneur engaged in financial leasing activities and registered by the agency supervising the system of financial intermediaries shall be exempt from the duty on quid pro quo transfer of property.

The authorised car dealer eligible for exemption shall provide a statement to the state tax authority each tax year that he is eligible to conditions of exemption from duty, with the exception that:

- a) if the notification for dutiable purposes is made before the first day of the sixth month of the tax year, the buyer shall provide a statement declaring that based on the distribution of the net sales revenue he is expected to qualify as a car dealer. If the commitments made in

¹¹ According to Point 9 of Section 18 of Act LXXXII of 1991 on Motor Vehicle Tax (henceforward: Act on MVT) a motor vehicle is an environmental-friendly motor car if it qualifies as such on the basis of Paragraph (6) of Section 2 of the Regulation 6/1990 (IV. 12.) of the Ministry of Transport Communication and Construction (MTTC) on the technical conditions of the release of road vehicles into traffic and their maintenance in traffic as effective on 1 July 2015. According to the MTTC Regulation electronic cars and zero emission cars are environment-friendly.

¹² The Point w) of Paragraph (1) of Section 26 of the Duties Act. As of 1 January 2017 the exemption no longer qualifies as a small amount (de minimis) subsidy since Paragraph (21) of Section 26 of the Duties Act was repealed by Point 4 of Section 132 of Act CXXV of 2016 on the amendment of certain tax laws and other related laws.

¹³ The definitions of a bus, a semi-trailer and a truck are provided by Points 6, 27 and 5 of Section 18 of the Act on MVT.

¹⁴ In accordance with Point h) of Paragraph (1) of Section 102 of the Duties Act economic operators are business associations, European public limited-liability companies, groupings, European economic interest groupings, European groupings of territorial cooperation, cooperative societies, housing cooperatives, European cooperative societies, water management organizations, forest management associations, state-owned companies, other state-owned economic agencies, companies of certain legal entities, bailiffs' offices, notaries' offices, law firms, patent agents' offices, voluntary mutual insurance funds, private pension funds, sole proprietorships, and private entrepreneurs and equivalent foreign entities.

¹⁵ Point a) of Paragraph (1a) of Section 26 of the Duties Act.

¹⁶ Paragraph (6) of Section 24 of the Duties Act.

¹⁷ Point 1) of Paragraph (1) and Paragraph 10 of Section 26 of the Duties Act.

the statement are not satisfied, the buyer shall have until the fifteenth day of the sixth month of the tax year when the duty becomes chargeable to notify the state tax authority thereof, upon which the state tax authority shall subsequently charge the duty payable for such acquisition of property, plus fifty per cent. If the audit conducted by the state tax authority finds that the statement made by the buyer was false, the state tax authority shall subsequently charge the duty payable for such acquisition of property multiplied by two,

- b) any entrepreneur who has commenced operations as a car dealer during the tax year when the statement is made, may assume that at least 50 per cent of his net sales revenues for the tax year will originate from the sale of motor vehicles. In the case if the commitment relating to the distribution of net sales revenue is not satisfied, the state tax authority shall subsequently charge the duty that was unpaid in consequence of the statement, with a 50 per cent surcharge. The entrepreneur shall have until the 15th day of the sixth month of the year following the tax year to notify his failure to comply with the said commitment. If the audit conducted by the state tax authority finds that the buyer's commitment relating to the distribution of net sales revenue is not satisfied, the state tax authority shall subsequently charge the duty that was unpaid in consequence of the statement, multiplied by two. (Any car dealer who notified his activity in 2019 but generated HUF 0 revenue from that activity in the year of notification also qualifies as a starting entrepreneur. If he purchases a car in 2020, the rules pertaining to the starting entrepreneurs may still be applied.)

Lessee's Obligation to Pay Duty in Leased Motor Vehicles

A **lease transaction** is regulated in a type of contract that combines certain components of a rental and a lease agreement.

In practice **there are two types** of lease transactions: **operational leasing and financial leasing. Within financial leasing, there is closed-end and open-end financial leasing.**

With a closed-end financial leasing contract, the leased asset is automatically transferred into the ownership of the Lessee at the end of the tenor, with the payment of the last repayment/lease fee. Under contracts for the financial leasing of motor vehicles (trailers) with the transfer of the ownership right at the end of the tenor (closed-end financial leasing) the obligation to pay duty on quid pro quo transfer of property arises on the date of conclusion of the contract.¹⁸

Consequently, in the case of a closed-end financial leasing and considering that at the end of the tenor the ownership title will be acquired automatically, the lessee must pay the duty for the acquisition of the ownership right when the vehicle is re-registered irrespective of the fact that during the tenor the lessee was only the operator of the vehicle while it was owned by the lessor. Consequently, the lessee as operator pays the duty for the acquisition of the ownership right. As the ownership right to be acquired also involves the operating right to the motor vehicle, following the acquisition of the operating right no separate duty may be imposed on the lessee.

In an open-end financial leasing transaction the leased asset will not be transferred automatically into the ownership of the lessee at the end of the tenor, but the lessee has an option to acquire the ownership right to the vehicle. In that case, it is not certain at the

¹⁸ Paragraph (7) of Section 3 of the Duties Act.

beginning of the transaction whether or not the acquisition of the ownership right will take place later.

Consequently, when a motor vehicle is acquired under an open-end financial leasing transaction and as at the time it is not yet known whether the lessee will acquire the ownership right at the end of the tenor, the operating right is registered for the lessee, who must pay 25% of the duty payable for the acquisition of the ownership right.

Example: *the buyer acquires a new (age from the year of manufacturing: 0 years), 1300 cm³, 50 kW capacity motor vehicle under an open-end financial lease agreement. The duty is established pursuant to Article 24 (1) of the Duties Act: 50 kW×650 HUF/kW = HUF 32,500. The duty payable for the operating rights is 25% of the HUF 32,500, i.e., HUF 8,125, which is payable by the lessee simultaneously with re-registration of the vehicle. If the lessor company is exempt pursuant to Article 26 (1) l) of the Duties Act and can certify that exemption with a resolution of the state tax authority, then it does not need to pay any duty for the acquisition of ownership.*

If at the end of the tenor of an open-end financial leasing transaction the operator of the vehicle acquires the ownership right to the motor vehicle, then the duty established for the acquisition of ownership must be reduced by the duty payable for the acquisition of the operating rights, i.e., 75% of the duty imposed pursuant to Article 24 (1) and (2) of the Duties Act must be paid (Article 24 (4) of the Duties Act).

Example: *at the end of the tenor of the open-end financial lease agreement the operator acquires the ownership right to the 5-year-old, 1300 cm³, 50 kW capacity motor vehicle.*

As the ownership right of the motor vehicle is acquired by its operator (the lessee), the HUF 27,500 (50×550) duty, payable for the acquisition of the ownership right to the 5-year-old motor vehicle must be reduced by the duty payable for the operating right, i.e., 25% of the HUF 27,500 (consequently not by the amount paid earlier).

Pursuant to Article 18 (1) of the Duties Act the duty obligation on financial leasing agreements for motor vehicles (trailers) with the transfer of ownership at the end of the tenor arises when the contract is concluded and therefore the total amount of the duty is payable then, even though only the operating right is acquired, and no duty is payable at the end of the transaction.

As it was mentioned the acquisition of the title, ownership right to bus, semi-trailer, truck and trailer according to Act on Motor Vehicle Tax by economic operator is exempt from the duty on quid pro quo transfer of property. So if the economic operators according to the Act on Duties acquire the mentioned Motor Vehicles within framework of closed-end lease or even open-ended lease they aren't subject to duty obligation on acquisition of property.

Inheritance and Receipt as a Gift of Motor Vehicles and Trailers¹⁹

In respect of the inheritance or donation of ownership title to or any rights in motor vehicles and trailers, **the rate of the duty shall be twice the duty charged on the duty on quid pro quo transfer of property of a motor vehicle or trailer.**

¹⁹ Paragraph (4) of Section 12 of the Duties Act.

Example: when a 5-year-old, 1300 cm³, 50 kW capacity passenger car is received as a gift or is inherited, the party receiving the gift or the heir is obliged to pay HUF 55,000 duty (twice the HUF 27,500).

If, simultaneously with the acquisition of a passenger car, the wife establishes an operating right to the motor vehicle free of charge for the husband, then the payable duty will be as follows:

- 1. The amount of duty shall be HUF 27,500 for the acquisition of the 5-year-old, 1300 cm³, 50 kW capacity passenger car,*
- 2. and as the operating right was also acquired, the wife has to pay HUF 20,625 duty and the husband does not need to pay any duty based on exemption. If, in the case mentioned above, this is not the spouse but, for instance, the owner's sibling who acquires the operating right free of charge, s/he has to pay HUF 13,750, i.e. twice the otherwise applicable duty.*

When a motor vehicle or trailer is inherited or granted as a gift, it also needs to be reviewed if the inheritance or the gift took place **between next of kin relatives** (also including relationships based on adoption) **or for the surviving or existing spouse**, which case **the acquisition is exempt from duty**, i.e., no duty is payable for the acquisition of the motor vehicle.²⁰ When a motor vehicle is acquired within the framework of termination of the marital community property, the transaction is also exempt from duty.²¹

The HUF 20 million exemption from inheritance duty cannot be applied to motor vehicles and trailers inherited by the testator's step- and foster children or step- and foster parents.²²

Payment of Duty for the Acquisition of a Motor Vehicle or Trailer²³

The duty on the acquisition of ownership of motor vehicles and trailers, or the acquisition of any rights in motor vehicles and trailers shall be paid - prior to the registration of transfer of ownership of the motor vehicle or trailer - **by way of postal money order obtained in any district office, or by bank card where the proper facilities are available at the district office, to the account designated by decree of the minister in charge of taxation,²⁴ or in cash to the teller of the district office.** Documents evidencing the acquisition of such rights shall be presented within 15 days of the date of issue - together with the resolution of the state tax authority on exemption at the district office competent for the registration thereof.

The duty amount or, if the appropriate documents are presented, the applicable duty exemption, is communicated to the buyer by the district office in the course of the re-registration of the vehicle.

Any cash payment to the teller must be verified by an accounting document provided to the client, and it must be recorded including the name, domicile (registered address) and tax identification number of the buyer, and the amount of duty paid in. On the basis of these records, the district office shall transfer the duties collected each day to the duty revenue

²⁰ Point i) of Paragraph (1) of Section 16 and Point p) of Paragraph (1) of Section 17 of the Duties Act.

²¹ Point v) of Paragraph (1) of Section 17 of the Duties Act.

²² Paragraph (1) of Section 12, Paragraph (6) of Section 13, Point c) of Paragraph (1) of Section 16 of the Duties Act; https://nav.gov.hu/nav/archiv/adoinfo/illetek/ill_101130.html.

²³ Section 76 of the Duties Act.

²⁴ NAV motor vehicle acquisition duty collection account: 10032000-06057684.

account of the competent state tax authority by way of postal money order. The district office shall prepare weekly statements on the sums paid by bank card or in cash, indicating the name, domicile (registered address) and tax identification number of the payer and the amount paid, and shall send it to the competent state tax authority by the 5th day of the week following the week to which it pertains.²⁵

Regardless of the involvement of district office, the first instant authority shall be the state tax authority with regard to acquisitions of motor vehicles or trailers as well. If dispute on the payable duty or other circumstance justifies to do so, the state tax authority issues a resolution on the duty on acquisition of property.

In the event that the asset acquirer is a person enjoying the full personal immunity under Point a) to b), h) to l), u) to q) and s) to t) of Paragraph (1) of Section 5 of the Duties Act (including among others the municipal governments and their associations, the armed forces of the Parties to the North Atlantic Treaty and other nations participating in the Partnership for Peace, which are stationed in Hungary, and the international military command posts set up under the North Atlantic Treaty, including their staff and military and civilian personnel with citizenship other than Hungarian who are employed by such armed forces and command posts, in respect of duties which are related to the service obligations of such personnel), or if the accession of wealth - apart from the exemptions defined in the Duties Act - is exempt from duty according to Paragraph (1) of Section 16, Paragraph (1) of Section 17, or Paragraph (1) of Section 26, payment order will not be taken, the tax authority records its decision on the exemption of duty onto the file. The decision recorded in the file shall contain only the fact of the application of the duty exemption.²⁶

In the case of a tax exemption for the motor vehicle distributors and entrepreneurs dealing with financial leasing, the tax authority will still/furthermore issue a payment order, if the circumstances of the given duty case or dispute motive/justify the tax administration procedure.

The default penalty applied to the delay in, or failure of, reporting the acquisition of property is **imposed by the state tax authority in a resolution, up to the limit of HUF 200,000 for private individuals, and HUF 500,000 for other taxpayer.**²⁷

When during the re-registration of a motor vehicle or trailer the duty was not paid at all, or was not paid by the deadline, in the required manner or in the required amount, or the acquisition was not notified for duty purposes, the district office must prepare a report and submit it to the county (metropolitan) tax directorate, competent according to the domicile of the obligor in order to impose the applicable amount of the duty.²⁸

If the organisation (foundation) referred to in Article 5 (1) of the Duties Act would have been eligible for duty exemption at the time of the opening of administrative or court proceedings, or upon the acquisition of a motor vehicle or trailer, the state tax authority shall refund the

²⁵ Paragraphs (2)-(3) of Section 76 of the Duties Act.

²⁶ Paragraph (1) of Section 78 of the Duties Act.

²⁷ Paragraph (1) of Section 82 of the Duties Act, Section 220 of Act CL of 2017 on the Rules of Taxation (henceforward: Act on RT).

²⁸ Paragraph (6) of Section 29, of the Government Decree No. 485/2015 (XII. 29) on competence and jurisdiction of the National Tax and Customs Administration's organizational units.

duty already paid - upon the taxpayer's request - according to the rules applicable to tax refunds.²⁹

National Tax and Customs Administration

²⁹ Paragraph (3) of Section 80 of the Duties Act.