

## TAX AGENT – FINANCIAL REPRESENTATIVE IN HUNGARY

The foreign company that is engaged in economic activities in Hungary without being required to establish a resident business entity according to the Act XCII of 2003 on the Rules of Taxation shall engage:

- a financial representative or a tax agent if the foreign company established **in the EU** but not in Hungary;
- a financial representative if the foreign company established **out of the EU**.

The foreign company is not required to establish a resident business according to the Act XXIV of 1988 on the Investments of Foreigners in Hungary in the following fields of occupation:

- lecturer at a school or institute of higher education;
- artistic performances;
- professional services (with the exception of auditing, accountancy and legal counseling services);
- professional sporting activities;
- construction, installation and customer service activities performed under a foreign trade contract;
- activities limited to the supply of goods and services acquired in Hungary, provided it is accomplished without personal presence and with the use of a commercial card issued abroad by the foreign national in question;
- utilization of real estate or natural resources in return for consideration, the transfer, sale and contribution in kind of any rights in immovable or in natural resources in return for consideration;
- other for-profit economic activities that may be performed without having to be settled for business purposes and are permitted by law or government decree.

Professional services limited for a maximum of 60 days in any calendar year, and may not hire employees for the activities in Hungary, including the assignment or hiring-out of an employee or agent employed in a foreign country to perform work in Hungary.

Tax service by a Tax Agent or a Financial Representative has similarities and differences:

	<b>Tasks, Liabilities</b>	<b>Tax Agent</b>	<b>Financial Representative</b>
1.	The foreign company can engage more service provider?	YES	NO
2.	Can represent the Company in case of any tax issues in Hungary	YES	YES
3.	Allowed to prepare and file tax returns?	YES	YES
4.	Does it have penalty if any tax return missed?	YES	YES
5.	Does it have obligation to pay the calculated tax of the Company?	NO	YES
6.	Does it receive penalty if the calculated tax is wrong?	YES	YES
7.	Does it have joint responsibility with the company to pay the tax in Hungary?	NO	YES
8.	Are there any special regulations who can be a Tax Agent or Financial Rep?	YES	YES

Notes to the above table:

1. One company can represent by many tax agents. For example the company can engage on service provider to prepare the tax returns and another to act in the name of the company during a tax revision. In case of financial representation only one service provider can be assigned to all of the tax obligations in the country.
2. Both can act in any case of tax issues in Hungary. Lawyer must assign in case of any appeal to the court.
3. Both registered electronically in the tax office registration.
4. According to the Hungarian regulations both has joint responsibilities to file the tax returns with the company. Tax Agent can reject this responsibility if it can show that the mistake is out of its activity.
5. Financial Representative must open a separate bank account to pay the tax in the name of the company. In case of Tax Agent service the company must open a bank account to be able to pay the tax to the Hungarian Tax Authority.
6. According to the Hungarian regulations both has joint responsibilities to calculate the tax. Tax Agent can reject this responsibility if it can show that the mistake is out of its activity.
7. Financial Representative must pay the tax never mind if the company pays it to it or not.
8. Tax Agent: Lawyer, Tax Consultant, Accountant. Financial Representative: only a company which has 50 million HUF registered capital and does not have any overdue tax liability.