

About Vistra Hungary

Hungary

In the heart of Central and Eastern Europe (CEE), Hungary is one of the best situated countries with 93,000 sq km and a population of 10 million. The geographical location makes the country ideal for manufacturing, services and logistics. With its ready-made industrial sites and science parks, along with a highly educated but affordable workforce, Hungary is one of the most favoured locations for Shared Service Centres and car manufacturing in the CEE region. With the excellent infrastructure and a good balance of labour costs and quality, Hungary is a great investment destination.

The official language is Hungarian, with more and more English speakers. Because of the close business relations with Germany, German is also widely used and a growing number of people also speak Spanish, Russian, French and Italian, among other languages.

EU membership guarantees stability and the application of uniform EU regulations and, with a projected GDP growth of 2%, there are new opportunities for foreign investors. From the heart of Europe, almost 250 million people can be reached within a 1,000 km radius.

Key Information

There are no restrictions on opening companies by foreign individuals or companies and no compulsory requirements for local partners or directors. Setting up a new company takes around two weeks. Local travel is not required for company set-up but might be required for bank account opening.

Most common are:

- Limited Liability Company (HU: *Korlátolt Felelősségű Társaság – KFT*), with a minimum capital of HUF 3 million (approx. € 8,500). Can have a sole shareholder.
- Company Limited by Shares (HU: *Részvénytársaság – RT*) with a minimum share capital of HUF 5 million (approx. € 14,000) for a Private Company Limited by Shares, and HUF 20 million (approx. € 56,000) for a Public Company Limited by Shares.
- Branch of a foreign company – no minimum capital requirements, can perform same activities as the mother company and only a corporate income tax return is required. Third country's branches function though like individual legal entities with a Hungarian GAAP bookkeeping obligation.
- Limited partnerships are also possible but is not a favourable option because of the unlimited liability.

Corporate income tax in Hungary is 9%.

Personal income tax is 15%. Employee Social Security Contribution Tax of 18.5%, making up total Employee deductions of 33.5%. The employer's social contribution tax is 15.5%, plus a 1.5% educational contribution, making up 17% in total. Taxes and contributions are withheld by the employer.

The general VAT rate is 27%, with a few exceptions.

In Hungary no withholding tax is levied on dividends, interests, capital gains or royalties, but these are subject to Personal Income Tax (15%) and Social contribution tax (15.5%) for resident individuals. For non-resident individuals the applicable double tax treaties apply that defines the place of PIT payment obligation.

Our services

Vistra Hungary offers a complete range of services, with a dedicated team of professionals focused on tailor-made solutions in company formation and management, accounting and compliance, corporate secretarial, HR and payroll management.

- **Shelf Companies**

Vistra's shelf company service offers flexibility on when to enter the market and how to operate going forward. Our shelf companies are fully established, operational entities with a VAT registration number and a bank account. The solution facilitates a quick and efficient transfer of ownership to commence business activities. After sale support is available for corporate secretarial needs such as filing updates or changes to the competent courts and other reporting bodies.

- **Accounting, Compliance and Management Reporting**

With a highly qualified and experienced team, we offer comprehensive accounting services, including maintenance of monthly records, preparation and submission of all required reports to the Hungarian authorities, preparation of annual financial statements in accordance with local rules, as well as US GAAP and IFRS, assistance with tax inspections and audits, management reporting based on client specific requirements. Services are available in Hungarian, English and German languages.

- **HR & Payroll**

Our human resources and payroll department offers an overall solution for control, reporting and compliance with local legislative requirements. Highly skilled professionals will help handle seamlessly the complex requirements of the local labour provisions including contract preparation, payroll calculations and tax reporting, maintenance of personnel files, assistance with benefits and vacation entitlements, issuing certificates to the employees and termination formalities.

- **Management and Domiciliary**

Vistra offers professional services for ongoing administrative, domiciliary and fiduciary requirements. Where local management and control are required for administrative or tax purposes, we have an experienced director to fulfil fiduciary roles.

- **Corporate Secretarial Services**

Local regulations and corporate rules require specialized attention for all local process related to company administration. Vistra's corporate secretarial service offers an outsourced solution to essential tasks that require local expertise and knowledge, such as maintenance of the company's share register, conducting of board or shareholders meetings, registrations with the Company Register for corporate changes, authorisations for company's bank accounts.

- **Projects and Outsourced Interim Staff**

We provide professional support and interim staff when Clients require additional resources or skills to carry out project work or to cover extended periods of absence of staff. Our experienced staff may complete specific tasks or be seconded to a Clients office on a full time or part time basis over a specific period. Projects may also include, among others, assistance with audits or VAT refunds, limited due diligence or book reviews, assistance with stocktaking of assets, reconciliations or arrears accounting, preparation of reporting packages and financial statements.

Contact

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