

Taxation – Hungary (HUN)(F6) June & December 2014

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, tuition providers and publishers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

Learning Materials

ACCA's Approved Learning Partner - content (ALP-c) is the programme through which ACCA approves learning materials from high quality content providers designed to support study towards ACCA's qualifications.

ACCA has one Platinum Approved Learning Partner content which is BPP Learning Media. In addition, there are a number of Gold Approved Learning

Partners - content.

For information about ACCA's Approved Learning Partners - content, please go to ACCA's Content Provider Directory.

The Directory also lists materials by Subscribers, these materials have not been quality assured by ACCA but may be helpful if used in conjunction with approved learning materials. You will also find details of Examiner suggested Additional Reading which may be a useful supplement to approved learning materials.

ACCA's Content Provider Directory can be found here–
http://www.accaglobal.com/learningproviders/alpc/content_provider_directory/search/.

Relevant articles will also be published in Student Accountant.

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension
Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student

progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations are all paper based

three-hour papers. The structure of papers varies from ten questions in the *Corporate and Business Law* (F4) paper to four 25 mark questions in *Financial Management* (F9). Individual questions within all Skills module papers will attract between 10 and 30 marks.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the tax papers, ACCA will publish *examinable documents*, or tax rates and allowances tables, once a year to indicate exactly what legislation could potentially be assessed within identified examination sessions. These should be read in conjunction with the information below.

For **UK** tax papers, examinations falling within the financial year 1 April to 31 March will examine the Finance Act which was passed in the previous July. I.e. Exams falling in the period 1 April 2014 to 31 March 2015 will examine the Finance Act 2013.

For **SGP** tax papers, examinations falling within the year 1 April to 31 March will be based on legislation passed before the previous 30 September. I.e. examinations falling in the year 1 April 2014 to 31 March 2015 will be based on legislation passed by 30 September 2013.

For **MYS** tax papers, examinations falling within the year 1 October to 30 September will be based on legislation passed before the previous 31 March. I.e. examinations falling in the year 1 October 2014 to 30 September 2015 will be based on legislation passed before the previous 31 March 2014.

For **CYP** tax papers, June and December examinations will be based on regulation or legislation published in the Official Gazette of the Republic of Cyprus ("the Gazette") on or before 30 September. I.e. June and December 2014 papers will be based on regulation or legislation published in the Official Gazette of the Republic of Cyprus ("the Gazette") on or before 30 September 2013.

For **CZE** tax papers, December and June examinations will be based on legislation passed before the previous 31 May. I.e. December 2014 and June 15 papers will be based on legislation in force at 31 May 2014.

For **VNM** tax papers, June and December examinations will be based on legislation passed before the previous 31 December. I.e. June and

December 2014 papers will be based on legislation passed by 31 December 2013.

Tax papers for the following variants:

BWA, CHN, HUN, HKG, IRL, LSO, MWI, MLA, POL, PKN, ROM, RUS, ZAF, ZWE.

The June and December examinations will be based on legislation passed before the previous 30 September. I.e. June and December 2014 papers will be based on legislation passed by 30 September 2013.

Syllabus

TX (F6)

AIM

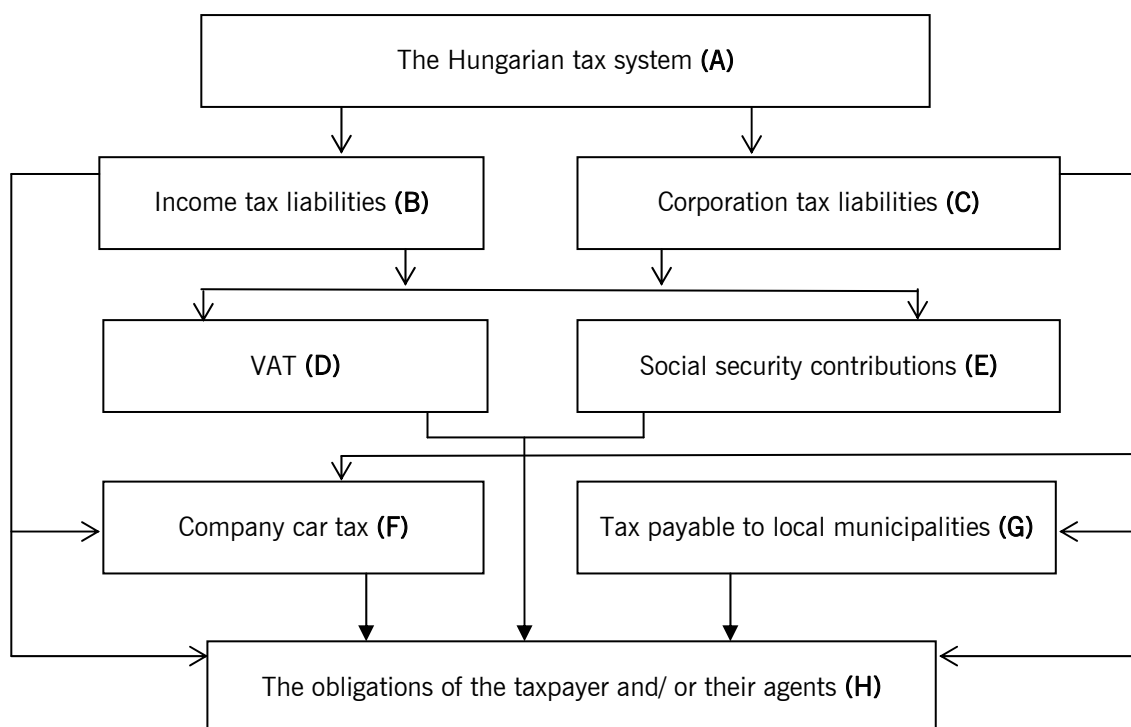
To develop knowledge and skills relating to the tax system as applicable to individuals and companies.

MAIN CAPABILITIES

After completing this examination paper students should be able to:

- A** Explain the operation and scope of the tax system
- B** Explain and compute the income tax liabilities of individuals
- C** Explain and compute the corporation tax liabilities of individual companies
- D** Explain and compute the effect of social security contributions on employees and employers
- E** Explain and compute the effects of value added tax on incorporated and unincorporated businesses
- F** Explain and compute the tax payable on company cars
- G** Explain and compute the tax payable to local municipalities
- H** Identify and explain the obligations of tax payers and/or their agents and the implications of non-compliance.

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

This syllabus introduces candidates to the subject of taxation and provides the core knowledge of the underlying principles and major technical areas of taxation, as they affect the activities of individuals and businesses.

In this syllabus, candidates are introduced to the rationale behind and the functions of the tax system. The syllabus then considers the separate taxes that an accountant would need to have a detailed knowledge of, such as income tax from self employment, employment and investments; the corporation tax liability of companies; the social security contribution liabilities of employees and employers; and the value added tax liability of businesses.

Having covered the core areas of the basic taxes, the candidate should be able to compute tax liabilities, explain the basis of their calculations, apply tax planning techniques for individuals and companies and identify the compliance issues for each major tax through a variety of business and personal scenarios and situations.

DETAILED SYLLABUS

A The Hungarian tax system

1. The overall function and purpose of taxation in a modern economy
2. Different types of taxes
3. Principal sources of tax law and practice
4. Tax avoidance and tax evasion

B Income tax liabilities

1. The scope of income tax
2. Income from employment
3. Income from independent sources
4. The computation of consolidated tax base and the tax liability thereon

5. Property and investment income
6. Gains and losses on the disposal of movable and immovable property
7. Simplified taxation for small entrepreneurs "EVA"

C Corporation tax liabilities

1. The scope of corporation tax
2. The corporate tax base
3. The comprehensive computation of corporation tax liability
4. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities

D Social security contributions

1. The scope of social security
2. Social security contributions for employed persons

E Value added tax

1. The scope of value added tax (VAT)
2. The VAT registration requirements
3. The computation of VAT liabilities

F Company car tax

1. The scope of company car tax
2. The computation of the tax liability under the company car tax regulation

G The tax payable to local municipalities (Local tax)

1. The scope of tax payable to local municipalities
2. The computation of tax payable to local municipalities

3. The administration of tax payable to local municipalities

H The obligations of tax payers and/or their agents

1. The systems for self-assessment and the making of returns
2. The time limits for the submission of information, claims and payment of tax, including advanced payments
3. Penalties for non-compliance

APPROACH TO EXAMINING THE SYLLABUS

The paper will be mainly computational and will have five questions, all of which will be compulsory.

- Questions one and two will be for a total of 55 marks with one of the questions being for 30 marks and the other for 25 marks. One of these two questions will focus on income tax and the other question will focus on corporation tax.
- Question three will be for 15 marks, and will focus on investment reliefs for corporate tax.
- Questions four and five will be on any area of the syllabus and will be for 15 marks each.

There will always be at a minimum of 10 marks on value added tax on any paper. These marks might be included as part of a question or there might be a separate question on value added tax.

Social security contributions will not be examined as a separate question, but may be examined in any question involving income tax or corporation tax.

Overseas aspects will account for no more than 8 marks in total on any one examination paper.

Any of the five questions might include the consideration of issues relating to the minimisation or deferral of tax liabilities.

Study Guide

A THE HUNGARIAN TAX SYSTEM

1. The overall function and purpose of taxation in a modern economy

- a) Describe the purpose (economic, social etc) of taxation in a modern economy.^[2]

2. Different types of taxes

- a) Identify the different types of capital and revenue tax.^[1]
- b) Explain the difference between direct and indirect taxation.^[2]

3. Principal sources of tax law and practice

- a) Describe the overall structure of the Hungarian tax system.^[1]
- b) State the different sources of tax regulation.^[1]
- c) Appreciate the interaction of the Hungarian tax system with that of other tax jurisdictions.^[2]

4. Tax avoidance and tax evasion

- a) Explain the difference between tax avoidance and tax evasion.^[1]
- b) Explain the need for an ethical and professional approach.^[2]

Excluded topics

- *Anti-avoidance legislation.*

B INCOME TAX LIABILITIES

1. The scope of income tax

- a) Explain how the residence of an individual is determined.^[1]
- b) Explain foreign income, non-residents and double taxation relief.^[1]

Excluded topics

- *Taxation of condominiums.*
- *Income from lottery.*
- *Taxation of private entrepreneurs.*

2. Income from employment

- a) Recognise the basis of assessment for employment income.^[2]
- b) Compute the income assessable.^[2]
- c) Recognise the allowable deductions, including membership fees of trades unions and cost reimbursement.^[2]
- d) Discuss the use of the approved mileage allowances.^[2]
- e) Explain the responsibilities of employers in respect of the deduction of income tax from the salaries of employees.^[1]
- f) Compute the amount of benefits in kind assessable.^[2]
- g) Share options.^[2]

Excluded topics

- *Payments on the termination of employment.*

3. Income from independent sources

- a) Recognise the basis of assessment for independent income.^[2]
- b) Recognise the expenditure that is allowable in calculating the independent income.^[2]

4. The computation of consolidated tax base and tax liability thereon

- a) Prepare the calculation of the consolidated tax base including items which may be classified as "other income".^[2]
- b) Compute the amount of tax on the consolidated tax base, given the tables.^[2]

- c) Calculate the amount of any deductions from the tax (tax credits).^[2]

5. Property and investment income

- a) Compute income from the rental of real estate.^[2]
- b) Compute the tax payable on interest income.^[2]
- c) Compute the tax payable on dividend income.^[2]

6. Gains and losses on the disposal of movable and immovable property

- a) Calculate the taxable income arising on the transfer of moveable property items.^[2]
- b) Calculate the taxable income arising on the transfer of real estate.^[2]
- c) Calculate the reduction in taxable income when the transfer of non-housing purpose real estate takes place after more than five years of ownership.^[2]
- d) Calculate the reduction in taxable income when the transfer of housing purpose real estate (flats and houses) takes place after more than two years of ownership.^[2]
- e) Calculate the capital gain arising on the sale of shares and other securities.^[2]
- f) Calculate the capital gain arising on the sale of shares in quoted companies when made in a sale that is not on an arms length basis.^[2]
- g) Calculate the value of quoted shares where they are disposed of by way of a gift.^[2]
- h) Calculate the capital gain arising on the cancellation of shares (e.g. liquidation, capital reduction).^[2]

7. Simplified taxation for small entrepreneurs "EVA"

- a) Recognise the criteria which an incorporated entity must satisfy to be eligible to choose to be taxed under EVA.^[2]

- b) Explain the calculation of the EVA tax base.^[2]

- c) Calculate the tax liability.^[2]

- d) Calculate whether it is advantageous for an incorporated entity to choose to be taxed under EVA.^[2]

C CORPORATION TAX LIABILITIES

1. The scope of corporation tax

- a) Explain how the residence of a company is determined.^[2]

Excluded topics

- *Investment companies*
- *Companies in receivership or liquidation*
- *Co-operatives*
- *State enterprises and subsidiaries*
- *Forestry associations*
- *Organisations of Employees Stock Ownership Programme*
- *Foundations and public bodies*
- *Housing co-operatives*
- *Law firms*
- *Non-profit organizations*

2. The corporate tax base

- a) Prepare the calculation of the corporate tax base starting with the company's profit before tax for the year.^[2]
- b) Recognise the items that increase the corporate tax base and the items that decrease the corporate tax base.^[2]
- c) Compute tax depreciation.^[1]
- d) Explain the principles of the transfer pricing rules.^[1]
- e) Explain the treatment of dividends received from other companies in the corporate tax base.^[2]
- f) Calculate minimum tax base.^[2]
- g) Understand how corporate tax losses can be carried forward.^[2]

- h) Explain when a corporation does or does not qualify as a controlled foreign corporation (CFC), and explain the effect of transactions with a CFC on the corporate tax base.^[2]
- i) Explain when thin capitalisation rules are relevant, and how they impact the corporate tax base.^[2]

3. The comprehensive computation of corporation tax liability

- a) Compute the corporation tax liability.^[2]
- b) Calculate relief for profits taxed abroad where no double taxation agreement is in place.^[2]
- c) Calculate relief for profits taxed abroad where a double tax agreement is in place.^[2]

4. The use of exemptions and reliefs in deferring and minimising corporation tax liabilities (The use of such exemptions and reliefs is implicit within all of the above sections 1 to 4 of part C of the syllabus, concerning corporation tax)

- 1. Development tax relief.^[2]
- 2. Tax incentives related to investments.^[2]
- 3. Regional and other tax incentives.^[2]
- 4. Tax allowance for small and medium sized enterprises.^[2]

Excluded topics

- *Industry specific development tax relief rules and rates*
- *Calculation of the limits that must be applied in respect of tax holidays granted before 31 December 2003*

D SOCIAL SECURITY CONTRIBUTIONS

1. The scope of social security

- a) Describe the scope of healthcare contributions, pension contributions, and contributions to unemployment funds.^[1]

2. Social security contributions for employed persons

- a) Compute total deductions from an employee's salary in respect of pension contributions, healthcare contributions and contributions to unemployment funds.^[2]
- b) Compute employers' contributions in respect of pension contributions, health care contributions and contributions to unemployment funds in respect of salaried employees.^[2]
- c) Calculate the social security liabilities arising on benefits in kind paid to employees.^[2]

E VALUE ADDED TAX

1. The scope of value added tax (VAT)

- a) Describe the scope of VAT.^[2]
- b) List the principal zero-rated and exempt supplies.^[2]
- c) Recognise transactions that qualify as sale of goods or supply of services.^[2]

2. The VAT registration requirements

- a) Recognise the circumstances in which a person must register for VAT.^[2]
- b) Explain the advantages of voluntary VAT registration.^[1]
- c) Explain the circumstances in which pre-registration input VAT can be recovered.^[1]
- d) Explain how and when a person can deregister for VAT.^[1]

Excluded topics

- *Group registration*

3. The computation of VAT liabilities

- a) Explain how VAT is accounted for and administered.^[2]

- b) Recognise the date of performance when goods or services are supplied.^[2]
- c) Recognise deemed place of supply of services.^[2]
- d) List the information that must be given on a VAT invoice.^[1]
- e) Explain and apply the principles regarding the valuation of supplies (determination of VAT base).^[2]
- f) Recognise the circumstances in which input VAT is non-deductible.^[2]
- g) Calculate the deductible VAT when a taxpayer supplies both taxable and exempt supplies.^[2]
- h) Explain the circumstances in which penalties will be charged by the tax authorities in respect of incorrect returns or underpaid tax.^[2]
- i) Explain the circumstances in which VAT can be recovered from the tax authority.^[2]
- j) Calculate VAT upon resale of tangible and intangible assets within 60/120 months.^[2]
- k) Calculate VAT in the case of the change of ratio between taxable and tax exempt income.^[2]

Excluded topics

- *Trading of goods with foreign countries.*
- *Special schemes for retailers, agricultural producers, tourism and any similar industry specific special schemes.*

F COMPANY CAR TAX

1. The scope of company car tax

- a) Describe the scope of company car tax.^[2]
- b) Explain how company car tax liability arises.^[2]

2. The computation of the tax liability under the company car tax regulation

- a) Explain in which cases company car tax will be payable.^[2]

- b) Explain when liability to pay company car tax arises and ceases.^[2]
- c) Compute the company car tax liability.^[2]
- d) Recognise the allowable deductions from company car tax.^[2]
- e) List the exemptions from paying company car tax.^[2]
- f) Explain how company car tax is accounted for and administered.^[2]

G THE TAX PAYABLE TO LOCAL MUNICIPALITIES (LOCAL TAX)

1. The scope of tax payable to local municipalities

- a) Explain who qualifies as subject of the local tax.
- b) Explain the activities that result in an obligation to pay local tax (permanent and temporary activities).
- c) Explain when liability to pay local tax arises and ceases.

Excluded topics

- *Property taxes payable to local municipalities*
- *Communal taxes payable to local municipalities*

2. The computation of tax payable to local municipalities

- a) Determine the base of local tax.
- b) Explain the simplified way of determining the base of local tax.
- c) Explain the exemptions and reliefs with regard to local tax.
- d) Compute the tax payable.
- e) Explain how the base of tax is split between premises in different locations.

Excluded topics

- *Complex split of the tax base.*

2. The administration of tax payable to local municipalities

- a) Explain the rules of paying advances for local tax.

H THE OBLIGATIONS OF TAX PAYERS AND/OR THEIR AGENTS

1. The systems for self-assessment and the making of returns

- a) Explain and apply the features of the self-assessment system as it applies to individuals.^[2]
- b) Explain and apply the features of the self-assessment system as it applies to companies.^[2]

2. The time limits for the submission of information, claims and payment of tax, including advanced payments

- a) Recognise the time limits that apply to the filing of returns and the making of claims.^[2]
- b) Recognise the due dates for the payment of tax under the self-assessment system.^[2]
- c) Compute advanced payments and balancing payments/repayments for individuals and incorporated entities.^[2]
- d) List the information and records that taxpayers need to retain for tax purposes.^[1]

3. Penalties for non-compliance

- a) Calculate interest on overdue tax, given the rates.^[2]
- b) State the penalties that can be charged.^[2]

SUMMARY OF CHANGES TO F6 (HUN)

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

There have been no changes to the syllabus for F6 (HUN) for 2014.