



Think Ahead

Taxation (HUN)

Sample Questions – September 2020

Get to know your exam

These graphical representations are intended to give an indication of past exam requirements and associated question content.

Please note that you will not be able to complete answers within these documents and in isolation they will not sufficiently prepare you for your exam.

We encourage you to visit the ACCA Practice Platform in order to attempt up to date practice exams within the computer-based exam environment.

Introduction screen

Taxation - Hungary (TX - HUN) Sample Questions - September 2020




Introduction

This practice exam indicates how the live exam will be structured and assessed, and the likely style and range of questions that could be asked.

You should use the practice exam to become familiar with the question types and the features and functionality contained within the live exam.

The practice exam is reflective of the live exam experience but has some differences:

- The live exam will be timed, however there is no time limit in this exam.
- If you want to sit this exam in exam style conditions you should answer the questions presented within the time allowed for your live exam.
- Once you have started this exam you are able to leave at any time by closing the browser window. When you return, anything you have entered into the response options will be saved and you can continue sitting the exam.
- In the live exam your answers to the constructed response questions will be expert-marked. At the end of this exam, all objective test questions (OTs) be auto-marked however you should use the solution material provided to assess your performance in the constructed response questions.
- You will be able to access solution material at the end of this exam when using the Self-Marking resources which include a Marking Guide and/or Sample Answer for each question. If you wish to access these without completing the questions, click on  **End Exam** on the Item Review Screen and navigate to the Marking tab on the Dashboard to Self-Mark.

Next →

Instruction screens

Taxation - Hungary (TX - HUN) Sample Questions - September 2020


Instructions (1 of 4)

The instructions displayed below are representative of those displayed in the live exam. Where there are differences between this exam and the live exam these are explained.


General Instructions

- In this exam, the instruction screens are not timed however in the live exam they will be available for a maximum of 10 minutes prior to the exam starting.
- In the live exam, the stated exam time will automatically start once the 10 minute period has passed (or earlier if you choose to start the exam within the 10 minute period).
- A copy of the instruction screens can be accessed at any time during the exam by selecting the Help button provided.

Answering and Navigating

- Please read each question carefully.
- The question number you are viewing is displayed in the top display bar. You can hide or restore this display by selecting .
- You can navigate between screens by selecting **Next →** or **← Previous**, or by clicking on a question number from the Navigator or Item Review screens.
- A warning message will display to remind you that you cannot navigate away from a question if you have not viewed all of the question content. Ensure that you use all scrollbars and/or open any on-screen exhibits before navigating from each question.
- Some questions have the scenario and answer area divided by either a horizontal or vertical splitter bar. You can move this splitter bar to see more or less of the scenario or answer area.
- Please ensure you provide an answer for all elements of each question.
- You can revisit questions and change your answers at any time during the exam.

Flag for Review

- If you wish to revisit/review a question later in the exam, click  **Flag for Review**
- Click the button again if you no longer wish to revisit/review the question later in the exam.

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Instruction screens (continued)

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

Instructions (2 of 4)

Help

- Click the **Help** button provided to access:
 - A copy of these exam instructions.
 - Help and guidance on constructed response questions. (in the constructed response section of the exam only).
 - Formulae sheets/tax tables if your exam requires these. Note that the name of the Help button will indicate if formulae sheets/tax tables are available i.e. **Help**, **Help/Formulae Sheet** or **Help/Tax Tables**

Calculator

- You have the option to use the on-screen standard or scientific calculators by selecting **Calculator**
- Note that in the live exam you are also permitted to use your own calculator providing it does not have the facility to store or display text.

Highlight and Strikethrough

- You can highlight key phrases or figures in the question scenario by selecting **Highlight**
- You can strikethrough text in the question scenario by selecting **Strikethrough**
- Highlighted and strikethrough text will be displayed on all questions relating to the scenario.

Workings/Scratch Pad

- You may use an on-screen Scratch Pad to make notes/workings by selecting **Scratch Pad**
- The Scratch Pad retains all notes/workings entered for all questions and these are available for the duration of the exam. They will not be submitted for marking after your live exam.
- You will also be provided with paper for notes/workings for your live exam, should you prefer to use it. This will not be submitted for marking. It will be collected at the end of the exam and must not be removed from the exam room.
- **Important:**
 - The notes/workings entered onto the Scratch Pad or your workings paper during the live exam will not be marked.
 - If you want the marker to see any notes/workings for questions in the constructed response section of the live exam you must show them within the answer areas.

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Instruction screens (continued)


Taxation - Hungary (TX - HUN) Sample Questions - September 2020

Instructions (3 of 4)


Copy and Paste

- You can copy and paste from the Scratch Pad or question scenario into your answers in the constructed response section of the exam by using the Ctrl-C (Copy) and Ctrl-V (Paste) shortcuts. **Note:** When pasting into a spreadsheet in the live exam you must double-click the cell or paste directly into the formula bar. In this exam you can also paste into the spreadsheet by selecting the cell.


Symbol

- You can add a selection of currency symbols to your answers in the constructed response section of the exam by selecting  **Symbol** on the top toolbar.


Navigator Screen

- The Navigator screen can be accessed at any time during the exam by selecting  **Navigator**
- This screen allows you to jump to any question number in the exam.
- It also allows you to see the status of questions and whether they have been viewed, are complete or incomplete, or have been flagged for review.

Close All

- You can close each window (eg. Calculator or Scratch Pad) individually or you can close multiple windows by selecting  **Close All** on the top toolbar.

Reviewing the Exam

- You can review your exam once you have attempted any, or all, of the questions.
- To do this:
 - Navigate to the **last question** in the exam.
 - Click **Next** 
- This takes you to the Item Review screen.

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Instruction screens (continued)

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Instructions (4 of 4)

Item Review Screen

- This screen gives you an opportunity to see the flag and completion status of all questions before you exit the exam.
- You can select individual questions you wish to revisit, or quickly access groups of questions from the Item Review screen.
- During the item review period Navigator is not available however you can navigate to questions by selecting **Next→**, **← Previous** or **Review Screen**
- When reviewing questions you can change your answer and click **Review Screen** to view any updated status on the Item Review screen.

Ending the Exam

- Once you have completed your item review and wish to finally end the exam click **End Exam**
- Once you end the exam, you cannot revisit any questions.

Select **Next** to move to the Exam Summary screen.

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Exam summary screen

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

Time allowed: This sample exam is not timed.

This exam is divided into two sections:

Section A

- 15 objective test (OT) questions, each worth 2 marks.
- 30 marks in total.

Section B

- Six constructed response questions that may contain a scenario which relates to one or more requirement(s).
- Each constructed response question is worth 10 or 15 marks in total.
- 70 marks in total.

All questions are compulsory.

Select **Next** to start your exam.

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Sample exam questions

Section A – summary screen

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

Flag for Review

Section A

This section of the exam contains **15 objective test (OT) questions**.

Each question is worth **2 marks** and is compulsory.

This exam section is worth **30 marks** in total.

Important:

1. Calculations and workings need only be made to the nearest whole unit of currency, unless instructed otherwise.
2. All apportionments should be made to the nearest month.

Select **Next** to continue.

Navigator Next →

Section A - questions

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

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🧮 Calculator

📝 Scratch Pad

Close All

Flag for Review

Ado Kft had a tax audit in August 2019. The tax audit revealed tax arrears of HUF 10 million (penalty base), and this amount was overdue for 70 days.

What is the amount of default penalty (*késedelmi pótlék*) payable by Ado Kft?

☐ HUF 113,151

☐ HUF 84,863

☐ HUF 56,575

☐ HUF 95,890

Eszar Kft is a small-sized entity. On 1 July 2017, Eszar Kft took out a bank loan in order to acquire non-current assets and wishes to take advantage of the tax relief available to small and medium-sized entities (*kis- és középvállalkozások adókedvezménye*) in relation to this loan.

The financial statements of Eszar Kft for the year ended 31 December 2019 included the non-current assets and the loan, and also recognised interest expenses of HUF 12 million in respect of the loan. The profit before tax and the corporate tax base of Eszar Kft for the year 2019 was HUF 150 million.

What is the amount of corporate tax payable by Eszar Kft for the year 2019 taking into consideration the tax relief available to small and medium-sized entities?

☐ HUF 1,500,000

☐ HUF 3,900,000

☐ HUF 2,700,000

☐ HUF 4,050,000

Zsolt is employed by Pilis Kft. On 5 May 2019, Zsolt received the right to buy securities from Pilis Kft at a reduced price (call option). On 5 May 2019, the customary market price of these securities was HUF 10 million.

On 14 August 2019, Zsolt exercised his call option and paid HUF 5 million for the securities. The customary market price of the securities on that date was HUF 12 million. Zsolt incurred transaction costs of HUF 100,000 when exercising the options. Zsolt did not sell these securities until after 31 December 2019.

What is the amount of personal income tax Zsolt must pay in respect of this transaction for the year 2019?

☐ HUF 735,000

☐ HUF 1,035,000

☐ HUF 1,050,000

☐ HUF 750,000

Section A – questions (continued)

Gabi is a Hungarian tax resident individual and was employed by Magus Zrt for the whole of year 2019.

In 2018, Magus Zrt gave an interest-free loan of HUF 30 million to Gabi. The loan will be repayable in 2021 in a single amount.

What is the amount of social contribution tax (*szociális hozzájárulási adó*) payable by Magus Zrt on the interest-free loan provided to Gabi for the year 2019?

Note: You should assume that social contribution tax is payable at 19.5% throughout the year 2019.

- ☐ HUF 345,150
- ☐ HUF 292,404
- ☐ HUF 407,277
- ☐ HUF 247,800

Torzon Kft is a Hungarian company which prepares monthly value added tax (VAT) returns. It carries out VATable activities only.

On 1 July 2019, Torzon Kft entered into an operating lease agreement to rent a company car for its managing director. The monthly rental fee of the car amounted to HUF 70,000 plus VAT at the standard rate. Torzon Kft paid the rental fee for six months in 2019. The managing director was allowed to use the car for both private and business purposes, and she was not required to document the purpose of usage of the car (*nincs ütnyilvántartás*).

What is the amount of VAT deductible by Torzon Kft in respect of the rental fees paid for the company car in 2019?

- ☐ HUF 34,020
- ☐ HUF 113,400
- ☐ HUF 56,700
- ☐ HUF 22,680

Section A – questions (continued)

Which of the following statements in relation to local municipality tax are TRUE?

- (1) If a taxpayer's net sales revenue does not exceed HUF 10 million, the taxpayer may choose the simplified tax base calculation (where the tax base is 80% of the net sales revenue)
- (2) The deadline for filing the annual tax return is 31 May in the year following the tax year
- (3) If an entity carries out permanent business activities within the jurisdiction of more than one local municipality, the tax base must be apportioned among the municipalities using any reasonable method
- (4) Taxpayers who have a top-up obligation in respect of corporate income tax (*feltöltési kötelezettség*) by 20 December, also have a top-up obligation in respect of local municipality tax

- ☐ 1 and 2
- ☐ 1 and 3
- ☐ 2 and 4
- ☐ 3 and 4

Hozom Kft is a Hungarian tax resident entity. In the year ended 31 December 2018, Hozom Kft had a negative corporate income tax base (tax loss) of HUF 60 million.

The following information is relevant when calculating the corporate income tax liability of Hozom Kft for the year ended 31 December 2019:

	HUF million
Profit before tax	100
Tax base increasing items	20
Tax base reducing items (excluding any adjustment for tax losses carried forward)	10

What is the amount of corporate income tax payable by Hozom Kft for the year 2019?

- ☐ HUF 4,500,000
- ☐ HUF 4,950,000
- ☐ HUF 5,400,000
- ☐ HUF 3,600,000

Section A – questions (continued)

Natan Kft is a Hungarian company. On 1 April 2019, Natan Kft entered into a finance lease agreement to lease a company car, which has an engine capacity of 130 kW and belongs to environmental category 3. The car remained with Natan Kft until 31 December 2019. Natan Kft paid car capacity tax (*gépjárműadó*) of HUF 62,000 for the year 2019 by the legal deadline.

What is the amount of company car tax payable by Natan Kft in respect of this company car for the year 2019?

- ☐ HUF 290,000
- ☐ HUF 396,000
- ☐ HUF 334,000
- ☐ HUF 352,000

Which of the following statements in relation to income from long-term deposits (*tartós befektetésből származó jövedelem*) is/are TRUE?

- (1) If deposited amounts are held for three years, yield income on the deposit is taxed at 10%
- (2) The private individual may have a deposit account with a maximum of five financial institutions
- (3) The minimum amount to be deposited is HUF 25,000 (or the foreign currency equivalent)

- ☐ 1 and 2
- ☐ 2 and 3
- ☐ 2 only
- ☐ 1 and 3

Section A – questions (continued)

Bolda Kft is a Hungarian company. The following information is relevant to the calculation of Bolda Kft's corporate income tax for the year 2019:

	HUF million
Sales revenue	400
Other income	15
Financial income	5
Cost of goods sold	(300)
Other financial expenses	(115)
Profit before tax	5
Corporate tax base	7

Bolda Kft did not make a special declaration to the tax authority to avoid the payment of corporate tax under the minimum tax base method.

What is the corporate income tax liability of Bolda Kft for the year 2019?

- ☐ HUF 720,000
- ☐ HUF 756,000
- ☐ HUF 630,000
- ☐ HUF 747,000

Section A – questions (continued)

Vilja Kft is a Hungarian company which prepares monthly value added tax (VAT) returns. It carries out only VATable activities. All sales and purchases of Vilja Kft attract VAT at the standard rate.

The following items are relevant to the June 2019 VAT return of Vilja Kft. All amounts stated exclude VAT:

- On 25 June 2019, Vilja Kft received an invoice of HUF 3 million for purchases of goods for resale. The goods were delivered to Vilja Kft on 15 May 2019.
- Vilja Kft paid for taxi services of HUF 50,000.
- Vilja Kft paid for food and drink purchases of HUF 100,000.

Vilja Kft did not self-revise any of its VAT returns in 2019.

What is the amount of VAT deductible by Vilja Kft for the month of June 2019 in respect of these transactions?

- ☐ HUF 810,000
- ☐ HUF 850,500
- ☐ HUF 837,000
- ☐ HUF 823,500

Which of the following cars is NOT exempt from company car tax?

- ☐ A zero-emission car which is owned by a company which accounts for the depreciation expense of the car
- ☐ A car owned by a company held for resale purposes
- ☐ A car owned by a private individual who receives reimbursement from his employer based on a travelling order (*kiküldetési rendelvény*)
- ☐ A car owned by a private individual who hires out his car to his employer which recognises the hire expense in its financial statements

Section A – questions (continued)

Ulrik is a Hungarian private individual. Ulrik got married on 5 August 2019 and he is entitled to the allowance for first marriage (*első házasság kedvezményére jogosult*). Ulrik and his wife split this allowance equally between them in their personal income tax returns. The consolidated tax base of Ulrik before this allowance was HUF 7 million for the year 2019.

What is the amount of personal income tax payable by Ulrik for the year 2019?

- ☐ HUF 883,325
- ☐ HUF 1,037,499
- ☐ HUF 1,029,999
- ☐ HUF 1,040,000

Miron Kft is a Hungarian company. Miron Kft provides each of its employees with a mobile phone which may be used for both private and business purposes. The employees are not required to separate the private calls, and no amounts are invoiced to them in respect of their private usage.

In February 2019, the mobile phone invoice for Miron Kft amounted to HUF 1,200,000 (excluding value added tax (VAT)).

What is the amount of social contribution tax (*szociális hozzájárulási adó*) payable by Miron Kft in respect of the mobile phones for February 2019?

Note: You should assume that social contribution tax is payable at 19.5% throughout the year 2019.

- ☐ HUF 55,224
- ☐ HUF 105,202
- ☐ HUF 70,134
- ☐ HUF 89,154

Which of the following activities qualify as temporary business activity (*ideiglenes jellegű iparüzési tevékenység*) for local municipality tax purposes?

- (1) Construction activity carried out by a company which lasts 20 consecutive days in a tax year
 - (2) Business activity (other than construction) carried out by a company for 20 consecutive days if the company has no registered seat or permanent establishment in any local municipalities
 - (3) Exploration of mineral resources activity carried out by a company which lasts 170 consecutive days in a tax year
- ☐ 2 and 3
 - ☐ 1 and 3
 - ☐ 2 only
 - ☐ 1 only

Section B – summary screen

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

 Flag for Review

Section B

This section of the exam contains **six constructed response questions**.

Each question may contain a scenario which relates to one or more requirement(s) which may be split over multiple question screens.


Each question is worth **10 or 15 marks** and is compulsory.

This exam section is worth **70 marks** in total.

Important:

1. Calculations and workings need only be made to the nearest whole unit of currency, unless instructed otherwise.
2. All apportionments should be made to the nearest month.
3. In your live exam you must:
 - Enter your answer for each question in the response area provided for that question. Any answers entered into a response area provided for a different question will not be marked.
 - Show all notes/workings that you want the marker to see within the response area provided for the question. Remember, any notes/workings made on the Scratch Pad or on your workings paper will not be marked.

Select **Next** to continue.

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Section B – questions

Scenario 1

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

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This scenario relates to two requirements.

Ratio Kft is a Hungarian company which prepares monthly value added tax (VAT) returns. Ratio Kft carries out two business activities: provision of accredited education which is exempt from VAT and provision of consulting services which is subject to VAT at the standard rate (VATable activities).

The following information relates to the nine-month period ended 30 September 2019:

- cumulative net sales revenue from VAT exempt activities was HUF 400 million;
- cumulative net sales revenue from VATable activities was HUF 800 million;
- cumulative unallocated input VAT was HUF 65 million.

The following transactions are relevant to the preparation of Ratio Kft's October 2019 VAT return. All amounts exclude any applicable VAT, unless otherwise stated. VATable items attract the standard rate of VAT:

- (1) Ratio Kft generated sales revenue of HUF 90 million from VAT exempt activities.
- (2) Ratio Kft generated sales revenue of HUF 170 million from VATable activities.
- (3) Ratio Kft made purchases of HUF 30 million which related to VAT exempt activities only. Included in this figure was €2,000 from a German firm which provided advertising services.
- (4) Ratio Kft made purchases of HUF 50 million which related to VATable activities only.
- (5) Purchases which related to both VAT exempt and VATable activities amounted to HUF 20 million. Ratio Kft did not find a reliable and systematic method which could allocate and apportion the input VAT on these purchases between the two activities.

Section B – questions (continued)

Scenario 2

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

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This scenario relates to two requirements.

Locsoft Kft is a Hungarian company and has its seat in Budapest. It does not carry out permanent or temporary business activities in any other places. Locsoft Kft has no related parties and only has domestic sales revenue.

The following is a summary of available financial information for Locsoft Kft for the year ended 31 December 2019:

	HUF million
Income	
Sales revenue (including royalty income of HUF 30 million)	700
Other income	25
Financial income	90
Expenses	
Cost of raw materials	5
Cost of goods sold	585
Cost of mediated services	15
Cost of subcontracted services (<i>alvállalkozói teljesítmények</i>)	10
Other expenses	20
Financial expenses	80

Locsoft Kft's annual local municipality tax expense was HUF 3 million for 2017 and HUF 2 million for 2018.

Requirements for Scenario 2

(8 marks)

(2 marks)

Figure 1.1: Microsoft Excel interface

Section B – questions (continued)

Scenario 3

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

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This scenario relates to three requirements.

Ince is a Hungarian tax resident individual. Ince is not a private entrepreneur.

Ince has a flat in Budapest which was rented out throughout the year 2019. The monthly rental fee received by Ince was HUF 150,000 plus overheads, ie cost of utilities (*rezsiköltség*). These overheads cost Ince HUF 360,000 in 2019 and this amount was wholly recharged to the tenant. Ince incurred other deductible expenses of HUF 200,000 in relation to the flat for the year 2019.

Ince is employed by Verem Kft. His monthly salary was HUF 700,000 throughout the year 2019. Ince has no children.

Requirements for Scenario 3

(a) State how the rental income of Ince will be classified in his personal income tax return for the year 2019 and briefly explain how Ince can deduct expenses in order to calculate his taxable income from the rental of real estate. (3 marks)

Paragraph

(b) Calculate the personal income tax payable by Ince on his rental income for the year 2019 assuming that he wishes to minimise his personal income tax payable. (4 marks)

(c) Calculate the net monthly salary Ince received from Verem Kft throughout the year 2019. (3 marks)

(10 marks)

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Section B – questions (continued)

Scenario 4

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

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This scenario relates to two requirements.

Devur Zrt is a Hungarian tax resident entity. It has a financial year end of 31 December and it is located in the region of Western Transdanubia.

In the year 2018, Devur Zrt started and finished an investment project and wishes to claim development relief for the project as it qualifies as a project which creates jobs. The project cost HUF 3 billion and created new non-current assets, all of which were capitalised in December 2018.

The project meets all the general and special requirements as required by the tax law. Devur Zrt chose 2018 as the first year of eligibility for the development relief. The development relief Devur Zrt was entitled to in 2018 amounted to HUF 800 million in present value terms.

The corporate tax base of Devur Zrt before taking into consideration the development relief was HUF 5 billion in the year 2019.

Devur Zrt qualifies as a medium-sized entity.

Requirements for Scenario 4

(a) Briefly explain how the limit for development relief is calculated and calculate the maximum development relief available to Devur Zrt.

(3 marks)

(b) Calculate the corporate income tax liability of Devur Zrt for the year 2019, taking into consideration the development relief.

(7 marks)

Note: All calculations need only be made to the nearest million forints.

(10 marks)

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Section B – questions (continued)


Scenario 5


Taxation - Hungary (TX - HUN) Sample Questions - September 2020

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This scenario relates to three requirements.

Blue Kft is a Hungarian company with its seat in Budapest. It has an accounting year ending 31 December.

For the year ended 31 December 2019, Blue Kft's profit before tax is HUF 900 million. The following items are relevant to the calculation of Blue Kft's profit before tax figure, corporate tax base and corporate income tax liability for the year 2019:

- (1) On 1 November 2019, Blue Kft created a development reserve by transferring HUF 600 million from its retained earnings to a tied-up reserve. This amount was not released by the end of 2019.
- (2) All non-current assets of Blue Kft are depreciated at the same rate for accounting and tax purposes except for Asset X. Asset X was acquired and capitalised on 1 March 2019 at a cost of HUF 120 million. Its residual value was estimated to be HUF 30 million, and its estimated useful life was estimated to be eight years. The tax law allows annual depreciation of 20% on Asset X.
- (3) In 2018, Blue Kft recognised impairment losses of HUF 20 million in respect of a trade receivable of HUF 40 million in its financial statements. This debt was outstanding for 380 days. No impairment was recognised on this debt in previous tax years.
- (4) Blue Kft recognised provisions of HUF 10 million in 2019.
- (5) In 2019, Blue Kft gave donations of HUF 5 million to a non-profit organisation (*közhasznú szervezet*).
- (6) Blue Kft recognised an impairment loss of HUF 30 million on a registered shareholding which was acquired and registered with the tax authorities in 2017.
- (7) On 1 April 2019, Blue Kft acquired shares in a start-up entity (*korai fázisú vállalkozásban szerzett részesedés*) at a cost of HUF 50 million. The start-up entity meets all the legal criteria of a start-up entity as set by the Hungarian Act on Accounting.

The corporate income tax liability of Blue Kft in the previous two years was as follows:

Year	HUF million
2017	42
2018	54

In December 2019, the management of Blue Kft estimated that the corporate income tax liability of Blue Kft for the year 2019 will be HUF 45 million.

Requirements for Scenario 5

(4 marks)

(7 marks)

(4 marks)

(15 marks)

[illegible]

Section B – questions (continued)

Scenario 6

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

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This scenario relates to three requirements.

Joe is a citizen of Country X. He kept his citizenship in Country X but has his only permanent home in Hungary. In 2019, Joe travelled a lot due to his work commitments and spent only 170 days in Hungary. Joe has a Hungarian wife and three children who are beneficiary dependants (*kedvezményezett eltartott*) and they all live in Hungary. On the basis of his declaration, Joe is entitled to claim 100% of the family allowance.

Joe is employed by Kalmos Kft and received a monthly salary of HUF 2 million throughout the year 2019. The following items are also relevant to the calculation of his personal income tax for the year 2019:

(1) Joe realised capital gains of HUF 10 million and capital losses of HUF 3 million on regulated market transactions (*ellenőrzött tőkepiaci ügylet*). The broker who arranged all of Joe's regulated market transactions charged him a fee of HUF 300,000.

(2) On 30 September 2019, Joe sold a flat in Budapest for HUF 40 million. Joe acquired this flat in 2015 for HUF 15 million. Total costs related to the acquisition and sale of the flat amounted to HUF 500,000.

In addition, Kalmos Kft provided the following benefits in kind to Joe in 2019:

(i) Joe was allowed to use his company mobile phone for private and business purposes. No phone costs were re-invoiced to Joe for the private usage, but he had to separate private and business calls. Joe's private usage on the company mobile phone in 2019 was HUF 400,000 (excluding value added tax (VAT)).

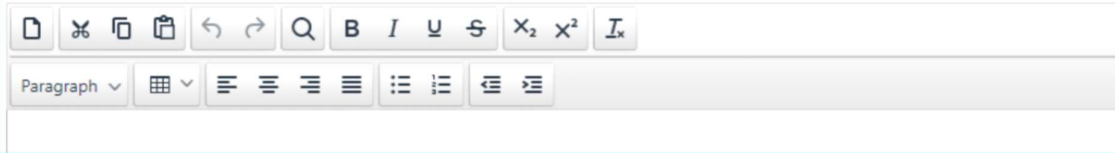
(ii) Kalmos Kft transferred HUF 10,000 each month throughout the year 2019 to the catering services account of Joe's Széchenyi Card (*Széchenyi-pihenőkártya vendéglátás alszámlája*).

Section B – questions (continued)

Requirements for Scenario 6

(a) Explain the circumstances under which a private individual is resident in Hungary for tax purposes, and state whether Joe is tax resident in Hungary.

(4 marks)

A rich text editor toolbar with various icons for text formatting and editing. The icons include: a document icon, a link icon, a list icon, a table icon, a search icon, a bold icon (B), an italic icon (I), a text color icon (A), a background color icon (X), a subscript icon (x²), a superscript icon (x²), a strikethrough icon (ABC), a paragraph style dropdown (Paragraph), a table border icon, a bulleted list icon, a numbered list icon, a decrease indent icon, an increase indent icon, a link icon, and an unlink icon.

(b) Calculate the personal income tax liability of Joe for the year 2019 assuming that Joe is tax resident in Hungary.

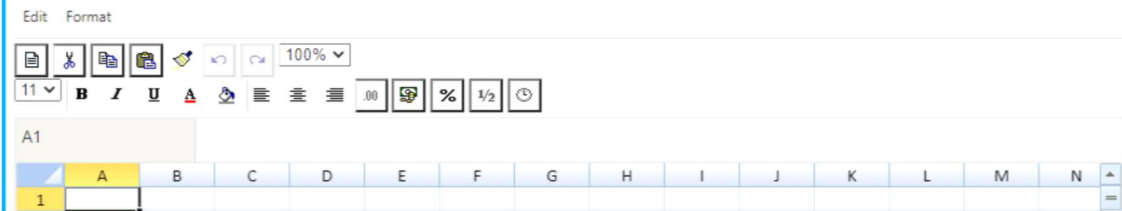
(6 marks)

(c) Calculate the personal income tax and social contribution tax (*szociális hozzájárulási adó*) payable by Kalmos Kft for 2019 in respect of the benefits in kind provided to Joe.

Note: You should assume that social contribution tax is payable at 19.5% throughout the year 2019.

(5 marks)

(15 marks)

An Excel spreadsheet interface showing a grid of cells. The top row is labeled A through N, and the first column is labeled 1. The cell A1 is selected. The toolbar includes icons for undo, redo, and a zoom dropdown set to 100%. The formula bar is empty. The grid shows columns A through N and rows 1 through 11.

Example view of full CBE constructed response workspace

Taxation - Hungary (TX - HUN) Sample Questions - September 2020

Symbol
 Highlight
 Strikethrough
 Calculator
 Scratch Pad

This scenario relates to two requirements.

Ratio Kft is a Hungarian company which prepares monthly value added tax (VAT) returns. Ratio Kft carries out two business activities: provision of accredited education which is exempt from VAT and provision of consulting services which is subject to VAT at the standard rate (VATable activities).

The following information relates to the nine-month period ended 30 September 2019:

- cumulative net sales revenue from VAT exempt activities was HUF 400 million;
- cumulative net sales revenue from VATable activities was HUF 800 million;
- cumulative unallocated input VAT was HUF 65 million.

The following transactions are relevant to the preparation of Ratio Kft's October 2019 VAT return. All amounts exclude any applicable VAT, unless otherwise stated. VATable items attract the standard rate of VAT:

- (1) Ratio Kft generated sales revenue of HUF 90 million from VAT exempt activities.
- (2) Ratio Kft generated sales revenue of HUF 170 million from VATable activities.
- (3) Ratio Kft made purchases of HUF 30 million which related to VAT exempt activities only. Included in this figure was €2,000 from a German firm which provided advertising services.
- (4) Ratio Kft made purchases of HUF 50 million which related to VATable activities only.
- (5) Purchases which related to both VAT exempt and VATable activities amounted to HUF 20 million. Ratio Kft did not find a reliable and systematic method which could allocate and apportion the input VAT on these purchases between the two activities.

(a) List the four compulsory elements of a receipt (*nyugta kötelező adattartalma*) required under the Hungarian VAT law. (2 marks)

Paragraph ▾
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