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Factsheet for case **HU-2020-18/710**

Mandatory contribution to Covid-19 defence fund from banking and retail sectors

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Country	Hungary, applies nationwide
Time period	Temporary, 01 May 2020 - 31 December 2020
Type	Legislation or other statutory regulation
Category	Measures to prevent social hardship – Other (Financing various covid-defence efforts)
Case created	16 April 2020 (updated 26 April 2020)

Background information

Under government decrees 108/2020 (banks) and 109/2020 (retail), large companies in these two sectors must pay a mandatory contribution to the country's covid defence efforts. The contributions will be paid in three equal parts in June, September and December 2020 using the companies' deductible tax base from 2019 to calculate the amount of their contribution in different rate bands. The Covid Defence Fund's planned expenditures are listed in govt decree 92/2020.

Content of measure

In the retail sector, no contribution must be paid below a tax base of HUF 500 million (€1.40 million). From a tax base of HUF 500 million to – 30 billion (€84.5 million) the contribution is 0.1%, from HUF 30 billion to 100 billion (€281.5 million) it is 0.4% and above HUF 100 billion it is 2.5%.

For banks the contribution is 0.19% of the tax base if it was above HUF 50 billion in 2019.

The pandemic contribution can be deducted from tax gradually over five years after the state of emergency is lifted. Retailers can ask for an exemption if their revenues fall by more than 40%.

The government expects to collect HUF 55 billion (€155 million) from the financial sector and HUF 36 billion (€101 million) from the retail sector.

Use of measure

The government has said it would use the Covid Defence Fund adding up to HUF 533 billion (€1.52m) in total, including other state sources, for procurement of supplies and investments, an earlier-decided increase in healthcare workers' salaries, and a one-off HUF 500,000 per month (€1,408) health-care workers' bonus.

Actors, target groups and funding

Actors	Target groups	Funding
National government Company / Companies	Sector specific set of companies Larger corporations	Companies

Social partners

Role of social partners	Consulted
Form of involvement	Other

The Banking Association was consulted before adopting the measure. The National Trade Association (OKSZ) was informed.

Sectors and occupations

This case is sector-specific (only private sector).

Economic area	Sector (NACE level 2)
G - Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles	G46 Wholesale trade, except of motor vehicles and motorcycles
	G47 Retail trade, except of motor vehicles and motorcycles
K - Financial And Insurance Activities	K64 Financial service activities, except insurance and pension funding

This case is not occupation-specific.

Sources

- 04 April 2020: New extra tax to hurt Tesco, Spar, Lidl, Aldi most (www.portfolio.hu)
- 06 April 2020: Government decree 92/2020

- 07 April 2020: Gov't issues decree on pandemic defense funding (EN) (bbj.hu)
- 09 April 2020: Banking Association's President Statement (press release) (www.bankszovetseg.hu)
- 14 April 2020: Government decree 108/2020
- 14 April 2020: Government decree 109/2020
- 14 April 2020: Decree on banks' special tax out (www.portfolio.hu)
- 15 April 2020: Extra retail tax: Shops to get bitter surprise (www.napi.hu)