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Factsheet for case **HU-2020-10/654**

## Relief of ‘KATA’ small entrepreneurs’ tax for certain target sectors hard-hit by the covid pandemic

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|              |  |
|--------------|--|
| Country      | Hungary, applies nationwide  |
| Time period  | Temporary, 01 March 2020 - 30 June 2020                                      |
| Type         | Legislation or other statutory regulation                                    |
| Category     | Supporting businesses to stay afloat<br>– Direct subsidies (full or partial) |
| Case created | 15 April 2020 (updated 29 April 2020)  |

### Background information

Under Section 3 - 5. of the government decree 47/2020. (18 March) and government decree 61/2020 (23 March) a selected group of solo self-employed and microcompanies will receive relief from the KATA flat-tax in the months of March-June 2020. The reason for the measure is specified in the title of the decree: “immediate measures necessary to alleviate the impacts of the coronavirus pandemic on the national economy.” The main objective is to help small businesses stay working in sectors that are hard-hit by the pandemic.

### Content of measure

Businesses eligible are those active in the following sectors: tourism, catering, entertainment, gambling, film industry, live performance, event organiser and sports activities and passenger land transport services (taxi services). Self-employed and microcompanies paying the KATA flat tax for small entrepreneurs will be exempt from the tax in the period of March to June 2020. The KATA tax includes social insurance tax, and the entrepreneurs choosing to get this assistance can still stay insured. In addition, a freeze will be applied to any KATA arrears accumulated before 1 March 2020 until the end of the 'state of emergency' announced by the government on 11 March.

82,000 KATA-registered businesses paying HUF 25,000, 50,000 or 75,000 per month (depending on what

category they are in) may be recipients of the tax relief. A rough cost estimate: HUF 12 billion in total if most entrepreneurs take advantage of the measure.

## Use of measure

It is not yet known how many of the eligible estimated 82,000 KATA-registered entrepreneurs will avail of the measure.

## Actors, target groups and funding

| Actors                                     | Target groups   | Funding        |
|--|---|----------------|
| National government<br>Company / Companies | Self-employed<br>Particular professions<br>Solo-self-employed<br>Sector specific set of companies<br>SMEs<br>One person or microenterprises | National funds |

## Social partners

|                         |                |
|-------------------------|----------------|
| Role of social partners | Informed       |
| Form of involvement     | No involvement |

The journalists' association MÚOSZ demanded that journalists and photographers are included in the circle of activities where the relief from KATA payments applies.

## Sectors and occupations

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

| Economic area                                 | Sector (NACE level 2)                          |
|---|--|
| F - Construction                              | F43 Specialised construction activities        |
| H - Transportation And Storage                | H49 Land transport and transport via pipelines |
| I - Accommodation And Food Service Activities | I55 Accommodation                              |
|   | I56 Food and beverage service activities       |

|   |   |
|---|---|
| N - Administrative And Support Service Activities | N82 Office administrative, office support and other business support activities |
| Q - Human Health And Social Work Activities       | Q86 Human health activities   |
|   | Q88 Social work activities without accommodation                                |
| R - Arts, Entertainment And Recreation            | R90 Creative, arts and entertainment activities                                 |
|   | R92 Gambling and betting activities   |
|   | R93 Sports activities and amusement and recreation activities                   |
| S - Other Service Activities                      | S96 Other personal service activities   |

This case is not occupation-specific.

## Sources

- 18 March 2020: Government decree 47/2020 (EN)
- 23 March 2020: Government decree 61/2020 (EN)
- 24 March 2020: Details of the new economic package published ([index.hu](#))
- 24 March 2020: MÚOSZ: Journalists, photographers should get KATA relief ([media1.hu](#))